Hyderabad's Relations

with

the Dominion of India

Prepared by the Government of
His Exalted Highness the Nizam of Hyderabad and Berar

April, 1948

PRINTED AT
THE SIND OBSERVER PRESS, LTD.,
KARACHI.

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HYDERABAD'S RELATIONS WITH THE DOMINION OF INDIA.

FOREWORD.

The documents that follow tell the story of the relations between Hyderabad and Britain in the closing days of British rule in India and between Hyderabad and the new Dominion of India. It is because Indo-Hyderabad relations have reached such a regrettable stage that these documents are published. They show the continued efforts made by the Nizam of Hyderabad to reach an amicable settlement and will enable the world do decide who is responsible for the present situation.

During the British regime the Indian States covered more than one-third of the area of the Indian Empire and their inhabitants totalled over one-quarter of the population of the sub-continent. In the preparations for the British withdrawal from India the importance of the States was largely overlooked and their rights neglected. Until June 3, 1947, interest was concentrated on solving the problem of British India. Then, following the decisions to partition British India into the Dominions of India and Pakistan and to transfer power in August, 1947, there was apparently no time to give to even the larger States that individual attention to which their size, history, traditions and association with the British Crown entitled them.

Among the some 600 Indian States, Hyderabad was the largest and, as its Ruler, the Nizam of Hyderabad and Berar held a unique and pre-eminent position. The Nizam's Dominions are larger than the United Kingdom and about half the size of France. His subjects number some seventeen millions, more than twice the population of any other Indian State the more than Canada, Australia, or any British Dominion outside the Indian sub-continent. Hyderabad has its own Government, its own currency, posts, telephones and telegraph system, its own Civil Service, its own modest army, its own police, university, railways and industries. Its finances are organised on normal lines with a budget and, what is in these days abnormal, a budgetary surplus.

Hyderabad, in fact, is a country, and is organised as a country. Despite retaining some of the picturesque trappings popularly associated with Indian States, it is as different from the lesser kind of States as Great Britain is different from Monaco.

Hyderabad lived for a century and more under the suzerainty of the British Crown. It was not part of British India nor was it British territory ; but it was under British protection. In return for that protection, guaranteed in Treaty after Treaty, Hyderabad from time to time ceded to the British large slices of territory, including the whole of its seaboard. These territories fall into three groups—Berar, the Northern Circars and the Ceded Districts. The full sovereignty of the Nizam over Berar was admitted by the British though the area continued to be administered with the Central Provinces. The Northern Circars and Ceded Districts remained parts of Madras Province.

The Nizam and his forefathers have all along been steadfast allies of the British Crown and Government. His Government was compelled, right up to the date of transfer of power from Britain's hands, to rely on the British for protection against external aggression and internal disorder and refrained from increasing Hyderabad's army, arms and equipment as it would have done, had the British not been there.

When British rule was withdrawn from India, Britain unilaterally denounced her treaties with Hyderabad and her obligations under them. No doubt His Majesty's Government felt impelled to act in this way under pressure of events, but it did so with all too little consultation with such States as Hyderabad and without taking any steps to obtain for those States a reasonably secure future in return for their record of faithful alliance. It is sometimes hard to resist the feeling that the British were ready to sacrifice old and tried friends because they had no nuisance value.

Left on his own in these difficult circumstances, the Nizam had to formulate and announce his policy. He had been promised by the British Government a free, unfettered choice: he could join either of the Dominions of India or Pakistan or he could remain an independent sovereign. He chose independence. But he was desirous of co-operating to the full with India, whose territories surround his land locked State. The documentary evidence here presented shows how anxious he is to take his share in the building of the future of India as a whole and at the same time explains why the Nizam feels bound to maintain the individual entity of Hyderabad, with its own special problems, history and traditions. He wants Hyderabad for the Hyderabadis, whatever their creed without the disturbances and bloodshed which he fears might flow from merging his State into either of the two Dominions into which British India was divided on a communal basis—a fear made more real by the tragic happenings in the Punjab, Delhi and elsewhere after partition.

The Nizam offered to negotiate with India on any basis short of accession to that Dominion. A final agreement on the eventual nature of the association between Hyderabad and India could not be reached, but on November 29th, 1947, Hyderabad and India entered into a Standstill Agreement for one year. In that agreement it was expressly stated that it was "the aim and policy of the Dominion of India and the Nizam of Hyderabad and Berar to work together in close association and amity for the mutual benefit of both."

The operation of the Standstill Agreement, unfortunately, has not fulfilled the hopes raised by its conclusion. India has charged Hyderabad with breaches of the understanding. Hyderabad has made counter-charges. It alleges, for instance, that India has not supplied the promised arms for the Hyderabad army and police—arms urgently required for internal security and to deal with subversive elements creating trouble along the State borders—and that India has prevented vehicles, machinery, medical requisites, chlorine for the purification of water supplies and many other articles from entering Hyderabad.

Hyderabad maintains that there is no excuse for India's non-performance of obligations under the Agreement. If Hyderabad has

misinterpreted its own obligations, it is ready to put matters right. Arbitration in case of dispute is provided for in the Standstill Agreement; and, consistent with its policy of promoting friendly relations with India, Hyderabad proposes that the impartial judgment of arbitrators should now be sought.

DOCUMENTS.

(1)

Firman by His Exalted Highness, issued on 11th June, 1947.

At the time when the Cabinet Mission issued the statement of May 16, 1946, the States were invited to join one representative Constituent Assembly for the whole of India. I thought it wise then to wait before making my decision till I saw how the political situation would develop. His Excellency the Viceroy's recent Announcement of 3rd June, 1947, makes it clear that in all probability British India will now be divided into two parts and there will accordingly be not one Constituent Assembly but two. I have now, therefore, to consider whether my State should send representatives to one or other of these Assemblies.

2. The basis of the division of British India is communal. In my State, however, the two major communities live side by side and I have sought, since I became ruler, to promote by every means good and friendly relations between them. My ancestors and I have always regarded the Muslims and the Hindus as two eyes of the State and the State itself to be *"the indivisible asset of all"* the communities inhabiting it. I am happy to say that there has not been in my State the same acute cleavage as has led to the recent events in British India. The subjects of my State have affinities and common interests with both the contemplated new Unions. By sending representatives to either of the Constituent Assemblies, Hyderabad would seem to be taking one side or the other.

I am sure I am consulting the best interests of my subjects by declining to take such a course. I have, therefore, decided not to send representatives to either of the Constituent Assemblies.

3. The result in law of the departure of the Paramount Power in the near future will be that I shall become entitled to resume the status of an independent sovereign. But the question of the nature and extent of the association or relationship between my State and the Units in British India remains for decision at a later stage, when their constitution and powers have been determined. Whatever form of constitution they ultimately adopt, it will be the desire of Hyderabad to live in the closest friendship and amity with both. Meantime, I and my Government will lose no opportunity of reaching by active negotiation working agreements on matters of common interest for the mutual benefit of all. When the time comes to decide on the nature of the State's association or relationship with the new Units, after they have settled their constitutions, I shall continue to be guided by a consideration of the best interests both of Hyderabad and of India as a whole.

4. The political and constitutional picture in India has in the past few years been changing rapidly and who can say whether the two Units

now cotemplated for British India represent the final solution or whether there will be still further divisions or whether, after all, unity may eventually be achieved by mutual agreement ? In these rapid changes, I am satisfied that the course of political wisdom lies in not taking sides, in concentrating on the maintenance of the integrity of my Dominion and fostering the welfare of my people. The achievement of that object depends upon the continuance of mutual good-will between the two communities in my State and, in the unsettled conditions all around, upon ensuring for all my subjects the benefits of peace and security.

5. Before making this declaration I have taken into consideration the divergent views of local political opinion and I feel confident that the best solution is to follow the policy which I have adopted in this Firman.

(2)

Letter dated 9th July, 1947, from His Exalted Highness the Nizam to His Excellency the Crown Representative.

I have during the last few days seen Clause 7 of the Indian Independence Bill as reported in the press. I regret that (as has so often happened in recent months) the clause, thought it was closely discussed with British Indian leaders was never disclosed to much less discussed with, me or any representative of my State. I am distressed to see that that clause not only contains a unilateral repudiation by the British Government of the treaties which have for so many years bound my State and my dynasty to the British, but also appears to contemplate that unless I join one or other of the two new Dominions, my State will no longer form part of the British Commonwealth. The Treaties, by which the British Government many years ago guaranteed the protection of my State and my dynasty against external aggression and internal disorder, have been constantly and solemnly reaffirmed in recent years, notably by Sir Stafford Cripps in 1942. I have been taught that I could safely rely on British arms and the British word and I have been persuaded, in consequence, right up to the present to refrain from increasing my army and from establishing in my State factories for the manufacture of arms and equipment. Nevertheless, the repudiation in Clause 7 of the Bill has been made not only without my consent but without any consultation with me or with my Government.

(2) As Your Excellency knows, both before you went to England and while you were there, I asked that my State should be accorded Dominion Status when the British should leave India. I have always hitherto felt assured that after more than a century of faithful alliance, during which I have reposed all my confidence in the British, I should certainly be able to remain without question within the family of the British Commonwealth. Clause 7 appears to deny me even that. I still hope that no difficulty will be allowed to impede direct relations between me and His Majesty's Government. I was recently informed that Your Excellency had undertaken to ensure a pronouncement in Parliament to establish that such relations can be entertained. My hope is that, once established, these relations will develop into closer union between my State and the British Crown to which, for so many years, I have been tied in faithful alliance.

(3) Meantime, I shall undertake and continue active negotiations with the New Dominions in order to reach sensible, practical arrangements for the transition period, so that the future of Indian States and India generally can be assured, so far as possible, in an orderly fashion.

(4) I feel bound to make this protest to Your Excellency against the way in which my State is being abandoned by its old ally, the British Government, and the ties which have bound me in loyal devotion to the King-Emperor are being served. I hope that Your Excellency will place my letter before His Majesty's Government. I shall, for the present, refrain from publishing it, lest I should in any way embarrass my old friends and allies in the eyes of the world. I must, nevertheless, retain my right to publish it at a later stage, if it should become necessary in the interests of my State.

(3)

Letter dated 15th July, 1947, from His Excellency the Crown Representative to His Exalted Highness the Nizam.

I have forwarded a copy of Your Exalted Highness' letter of 9th July to His Majesty's Government and hope to let Your Exalted Highness have a reply shortly.

No further reply was received.

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(4)

Letter dated 8th August, 1947, from His Exalted Highness the Nizam to His Excellency the Crown Representative.

I am writing to you to make plain the position of my State in the negotiations which are in progress at Delhi. It has always been my desire and the desire of Hyderabad to make the fullest contribution to the prosperity and welfare of India as a whole. Indeed I recongnise that the State have a great opportunity to exercise a stabilising influence ; both because of their relative freedom from communal strife and because the States represent the section of India which at present has the greatest experience of administration. When it was contemplated that India, on gaining its independence, would become a single Union, I was quite ready to take my share in the defence of the subcontinent and to make arrangements for the foreign policy of Hyderabad to be directed in general conformity with the foreign policy of India. The partition of India, however, has gravely complicated the problem for my State. As Your Excellency knows, while Hyderabad is necessarily closely concerned in various ways with what will now become the Dominion of India, there are also many ties between my State and the future Pakistan Dominion. It will be within Your Excellency's knowledge also that in this State, which my ancestors and I have ruled for more than two centuries, there has been little communal disturbance and the cleavage on religious grounds has always been much less acute than in British India. It is my earnest wish to pursue a policy

which will enable this freedom from discord and disorder to continue, and for this purpose I must take into account the importance of maintaining good relations with both the new Dominions. It is not yet clear how far or in what manner the Indian Dominion and the Pakistan Dominion will consult and co-operate on matters of common concern or how closely their policies can be integrated on the essential subjects of External Affairs and Defence. I understand that this is a matter which, it is recognised, cannot be resolved before the 15th August. It is not possible for me to contemplate an organic union with either of the Dominions until I am more fully informed on these matters. I am bound at this stage to wait and see how the relations between the two Dominions are regulated and developed.

(2) I was happy to observe that in the recent debates in Parliament on the Indian Independence Bill the difficulties of the immediate position for such States as Hyderabad did not pass unnoticed. I need only remind Your Excellency, by way of illustration, of three speeches for the Government which recognised that the States ought not to asked for hurried decisions at this juncture and that a treaty rather than a federal relationship might be the solution in present circumstances. Lord Listowel in the House of Lords stated that from the date when the new Dominions are set up "the appointments and functions of the Crown Representative and his officers will terminate and the State will be the masters of their own fate. They will than be entirely free to choose whether to associate with one or other of the Dominion Governments or to stand alone and His Majesty's Government will not use the slight pressure to influence their momentous and voluntary decision." A little later he observed:—"Whatever the future relationship between the new Dominions and the States may be, it will require prolonged consideration and discussion before the final adjusment can be made." The Prime Minister, Mr. Attlee, in the House of Commons pointed out that "until the constitution of the Dominions has been framed in such a way as to include the States as willing partners, there must be a less organic form of relationship between them and there must be a period before a comprehensive system can be worked out." Sir Hartley Shawcross, the Attorney-General, in the course of the same debate, while expressing the hope that no irrevocable decision to stay out would be taken prematurely, said that the Government realised that "it is bound to be some time before the State will have all the information before them to make their final decision."

(3) In a later and, as I think a most helpful passage in his speech the Attorney-General said: "We hope....that the States will associate themselves with one or other of the new Dominions in a federal or treaty relationship on fair terms fairly and amicably negotiated." I am fully in accord with the spirit of this suggestion. For I have always been resolutely opposed to a policy of isolation for my State and although, in present circumstances, I cannot contemplate bringing Hyderabad into organic union with either of the two new Dominions, I am still ready and willing to see Hyderabad play its proper part in the defence of the Indian sub-continent and to have the conduct of the External Affairs of my State undertaken in general conformity with the Foreign Affairs of the whole sub-continent. My difficulty is how to accomplish this purpose in friendly co-operation with both the new Dominions. I have naturally and necessarily taken into account

the fact that the Dominion of India is my neighbour and I am fully prepared (in accordance with the Attorney-General's suggestion) to enter into a treaty with them whereby a suitable arrangement is made in respect of land communication, so that all-India standards are recognised, and through communications and mutual interchange facilities are assured, and Hyderabad contributes an agreed number of troops to the defence of the Dominion. Moreover, I should be willing to agree in this treaty to conduct the External Affairs of my State in general conformity with the foreign policy of the Dominion of India. But it would be necessary for me to provide against the possibility, which I earnestly hope will never arise in fact, that the two new Dominions might pursue a mutually hostile policy. In that case, it would be unthinkable for my State to pursue a hostile policy towards the Dominion of Pakistan and it would have to be provided that Hyderabad in such an event would remain neutral. Further, Hyderabad already has an Agent-General in the United Kingdom and must reserve the right to appoint representatives to act for Hyderabad elsewhere if and when it wishes to do so.

(4) It is a matter of deep satisfaction to me that both the new Dominions will be within the family of the British Commonwealth of Nations. I should want a provision inserted in the Treaty whereby if unhappily either party should at some future date decide to secede from the Commonwealth the other party should be free to review the provisions of the Treaty. For, in spite of the provisions of Section 7 of the Indian Independence Act I cannot believe that, after more than a century of faithful alliance, it is the intention of the British Government to throw my State out of the Empire against my will.

(5) Before I turn to other provisions which would need to be included in such a treaty, I must record my astonishment and regret that though Hyderabad's Negotiating Committee was available in Delhi for a fortnight until the 5th August those who will be responsible for the Dominion of India refused to negotiate with them on any subject, even including Standstill Agreements and Berar, unless as an essential preliminary Hyderabad was prepared to agree to accede. It was made absolutely plain by my Committee that, short of accession, Hyderabad was ready and willing to enter into Treaty relationship. Political relationship other than accession was expressly included, as an alternative open to States, in the Memorandum of the 12th May, 1946, which was reaffirmed in the Statement of the 3rd June, 1947, accepted both by Congress and the Muslim League. The reason why Standstill arrangements were recommended by the Government of India was to avoid administrative chaos. It is recognised that Section 7 of the Indian Independence Act does not cover the whole ground. For this very reason Hyderabad was anxious to negotiate a Standstill Agreement but those responsible for the Dominion of India entirely declined to take part in such negotiations. My State will nevertheless do its best, even without such an agreement, to avoid any administrative deadlock which is bound to cause inconvenience to both. If any such deadlock or inconvenience should occur the fault will rest squarely on the Dominion of India.

(6) It is even more surprising that negotiations should be refused on the subject of Berar. H.M.G. and the new States Department have unequivocally recognised my sovereignty over Berar and also my

legal right to the reversion of administration over that territory on the 15th August, 1947. I should be prepared to arrange for the continuance of the *status quo* for the time being to enable the whole problem to be reasonably and amicably settled. But those responsible for the new Dominion wholly refuse to negotiate in the matter, unless I first agree to accede and this, for reasons which I have already explained, I decline to do. I learn (though I find it hard to believe) that in defiance of my admitted rights the new Dominion of India mean to start their career by seizing my territory.*

(7) I cannot but regard this refusal to negotiate except on terms that Hyderabad first agrees to accede as coercion and pressure to join and a compulsion to a hurried decision. And I hope that even at this late hour, through the good offices of Your Excellency as Crown Representative with special responsiblities to see that H.M.G.'s pledges to the States are honourably fulfilled, this policy may be reversed. For it is utterly inconsistent with the declared pledges and policy of H.M.G.

(8) Such a treaty as I have suggested would have to cover various other matters, among them a Customs Agreement which would take into account the provisions of the Commercial Treaty of 1802 which has long been a matter of dispute between H.M.G. and myself. But it is not necessary to elaborate such provisions in this letter, because if the principle of a treaty on the basis of my proposals in this letter is accepted, I do not doubt that with anxiety on both sides to resolve our difficulties in a spirit of reasonable accommodation, we shall be able to reach a concluded agreement without undue difficulty or delay.

(9) If, however, those who will be responsible for the Government of the Indian Dominion are unwilling to enter into negotiations on the basis of such a treaty as I am proposing, I shall nevertheless deem it necessary to publish this offer, in order that the policy which I feel bound to adopt and which I have no desire to hide, may be fully understood both within my State and outside it.

(5)

Letter dated 12th August, 1947, from His Excellency the Crown Representative to His Exalted Highness the Nizam.

I have received Your Exalted Highness' letter of 8th August, 1947, in which you offer to negotiate with the Dominion of India for a treaty in which you would make provision for the conduct of Hyderabad's foreign policy in general conformity with that of the Dominion of India and for the contribution of troops to the defence of the Dominion and for suitable agreements about Communications. I recognise Your Exalted Highness' special problems in Hyderabad and your willingness to co-operate with the Dominion of India in these three essential fields. As you know, the anxiety of the Dominion is to achieve stability which they feel cannot be adequately secured unless all the States which are situated within their borders are prepared to come into organic union with them. I myself, as I have told Your Negotiating Committee

* The *status quo* in Berar has, in fact, been maintained up to now by a loose temporary arrangement.

and your Advertiser, believe that accession to the Union would be to the mutual advantage of the Dominion and your State. But I fully understand your difficulties and I have no wish to hurry you to a decision. In the circumstances although I shall cease to be Crown Representative on the 15th August, I have secured the assent of those who will be responsible for the Government of the Dominion to my continuing negotiations with Your Exalted Highness for a further period of two months, during which I hope we shall be able to reconcile our views. During this period the offer to accede on the terms which I have already proposed will (as a special exception) remain open in the case of Hyderabad.

2. I have noted what Your Exalted Highness writes about Standstill Agreements and Berar and I am in a position to assure you that the Dominion of India are quite agreeable to the continuance of the *status quo* in Berar for the time being, while negotiations continue, and to the continuance of existing administrative arrangements, whether or not a formal agreement is reached dealing with the subject. I learn that Your Exalted Highness is concerned lest a decision not in present circumstances to accede would be treated as a hostile act by the Dominion and your State might be subjected to blockade, but I am satisfied that the leaders of the new Dominion have no intention of applying such pressure.

On the contrary the fact that recently they consented to my consulting Your Exalted Highness before appointing a new Governor of the Central Provinces and Berar shows how careful they have been to respect the constitutional position. Further they intend to continue to maintain the correct constitutional position after the 15th August, 1947, as appears from this proposed adaptation of the 1935 Act in this respect; the adaptation has been shown to your Constitutional Adviser.

(6)

Letter dated 14th August, 1947, from His Exalted Highness the Nizam to His Excellency the Crown Representative.

I am grateful for Your Excellency's letter of the 12th August, 1947, which was delivered to me by Sir Walter Monckton. I have had a long talk with Sir Walter on the subject. It is source of satisfaction to me that Your Excellency appreciates my readiness to co-operate with the Dominion of India in the three essential fields of External Affairs, Defence and Communications. I am also glad to see from your letter that there is no intention to interfere with the existing administrative arrangements or to disturb the *status quo* in Berar.

(2) I know that Your Excellency will have understood from my letter of the 8th August, 1947, that I am not prepared to execute an Instrument of Accession. At the time, I share Your Excellency's wish to find a solution satisfactory to us all and I hope that continuance of negotiations will produce this result.

(7)

His Exalted Highness the Nizam's Speech on 14th August, 1947, on the occasion of a Farewell Banquet to the British Resident.

Tonight I, with a said heart, bid goodbye to the last of a distinguished line of British Residents in Hyderabad. Mr. Herbert's departure marks the end of a chapter in the history of the State and it is natural that I should use this occasion to look back for a moment over the past and to cast my eyes forward to the future which lies before us.

(2) It is more than 200 years since my ancestor Asaf Jah, the founder of the Asaf Jahi dynasty, became independent in Hyderabad. Years passed after that before the British came to India. But when they came, their history and ours became closely interwoven. The relationship, out of which their gradually grew that is now known as Paramountcy, was not an easy one but full of obligations. But the British on their side always recognised the sovereignty of my dynasty over my Dominions and we earned, and I have been proud to bear, the historic title of Faithful Ally of the British Government. During that time we stood by them in peace ; we came to their aid in war. We never wavered in our loyalty to the King-Emperor. And today, when I bid farewell to the last of his Residents in my State, it is still my desire and the desire of Hyderabad to remain within the family of Nations, known as the British Commonwealth, which looks to His Majesty the King as the living symbol of its unity. After all these years of friendship, I am confident that the ties which bind Hyderabad to Great Britain will not be served. A long association, a common history for more than a hundred years, with no strife at any time to mar our alliance, ensure that, though the nature of our association may differ from time to time, still Hyderabad will always remain associated in some measure with the British Commonwealth of Nations.

(3) When the British go from India, I shall become an independent sovereign. But this does not mean that I wish Hyderabad to stand aloof either from old allies or old neighbours. I have already taken steps to initiate negotiations with them on matters of common concern and it will always be my earnest desire to maintain and develop friendly relations with them and to act in concert with them.

(4) I welcome the independence achieved by India as a whole. The emergence of two Dominions instead of one all-India Union has complicated the problem of my State. But I wish them both a career of greatness and glory in the task of national and international reconstruction.

(5) I greatly hope that some form of Standing Conference may soon be established with regular meeting which may assist the new Dominions and such States as may decide to remain autonomous, to co-operate actively in all matters concerning their common welfare, as members of what may grow to be regarded as a united Indian Commonwealth.

(6) Meantime, it will be my anxious care to maintain within my Dominions that peace and security without which there can be no stable prosperity and to encourage my subjects, whatever their religious

beliefs, to live amicably together as they have for so many generations in Hyderabad I earnestly appeal to all my people not to be led into the course of communal discord and excesses, but to rally loyally to my support while I seek to achieve for them all the benefits which flow from such secure and orderly Government.

(7) To you, Mr. Herbert, I am grateful for your ready co-operation since you became Resident. You have won for yourself many friends during the short time you have been among us, and on behalf of my State I wish you many years of health and happiness—no matter where you may be, your memory will always be green in our hearts.

(8)

Extract from the Speech by the Hon'ble the Resident, at the Farewell Banquet on 14th August, 1947.

(2) While this long association of the British with Hyderabad ends this evening, I join with Your Exalted Highness in the hope that a new relationship between them may soon be created and may prove as enduring as that which is passing away.

(9)

Telegram dated 14th August, 1947, from His Exalted Highness the Nizam to His Excellency the Viceroy.

I send Your Excellency in the capacity which you are shortly to assume of Governor-General of India my cordial greetings and the sincere good wishes of my Government and people on the occasion of the birth of the new Dominion of India. It is my earnest desire and the wish of my Government and people that we should live on terms of the closest amity with you. I trust that the greatest cordiality and friendship will exist in our relations in the pursuit of common aims and objectives and that these relations will be strengthened by the freedom which has been won for the whole of this great sub-continent.

(10)

Extract from the Speech of His Excellency the Governor-General of the Dominion of India in the Constituent Assembly on 15th August, 1947.

The only State of the first importance that has not yet acceded if the premier State Hyderabad. Hyderabad occupies a unique position in view of its size, population and resources, and it has its special problems. The Nizam, while he does not propose to accede to the Dominion of Pakistan, has not up to the present felt able to accede to the Dominion of India. His Exalted Highness has, however, assured me of his wish to co-operate in the three essential subjects of External Affairs, Defence and Communications with that Dominion whose territories surround his State. With the assent of the Government, negotiations will be continued with the Nizam and I am hopeful of reaching a solution satisfactory to all.

(11)

Telegram dated 22nd August, 1947, from His Excellency the Governor-General of the Dominion of India to His Exalted Highness the Nizam

My Government and I greatly appreciate your cordial message of greetings and friendship. I personally consider it a proud privilege that I should be given an opportunity of offering my services to the new Dominion of India in the solution of the difficult tasks that lie immediately ahead of it. Pandit Jawaharlal Nehru, his colleagues and I sincerely wish that India and Hyderabad closely linked geographically as they are should work and march together to greater glory and prosperity in the same way as they did before the transfer of power. We hope that negotiations for accession would be resumed shortly and concluded satisfactorily.

(12)

Telegram dated 23rd August, 1947, from His Exalted Highness the Nizam to His Excellency the Governor-General of the Dominion of India.

I am grateful for Your Excellency's telegram of twenty-second August. As you know from my letter of the eighth August Hyderabad is ready to try to reach agreement with you on the basis explained in that letter but short of accession. I am therefore not prepared to negotiate for accession though very ready to negotiate on the lines described in my letter. I am sending Sir Walter Monckten, who enjoys my full confidence, on Monday to explain my position personally to Your Excellency.

(13)

Letter dated 18th September, 1947, from His Exalted Highness the Nizam to His Excellency the Governor-General of the Dominion of India.

By my letter of the 8th August, 1947, (to which I would refer for its full terms) I offered to enter into a treaty with the Dominion of India of which important features were :—

(*a*) that I would undertake that the foreign policy of Hyderabad would be conducted in general conformity with that of the Dominion of India ;

(*b*) that Hyderabad would contribute and agreed number of troops for the defence of the Dominion of India ; (though it was stipulated that if the Dominion of India and the Dominion of Pakistan pursuade mutually hostile policies, Hyderabad would remain neutral) :

(*c*) that reasonable provisions should be included as to Communications so as to ensure the maintenance of all India standards of safety, the provision of interchange and through traffic facilities.

2. My object in offering to negotiate a Treaty of this nature is to co-operate fully in the mutual interests of Hyderabad and the Dominion

of India while maintaining the integrity and independent identity of my State. I want Hyderabad to be an independent sovereign State in close association with the Dominion of India.

3. Hyderabad is half the size of France and has a population of 17 million, more than twice as many as any other Indian State and considerably more than Canada or any other British Dominion outside India. It has been under Moslem rule for even centuries and under the Asafia dynasty for more than two But there has been little communal strife; indeed what there has been is negligible compared with communal discord in British India. Where it has occurred in the State, it has not been indigenous but an infection from outside. All communities here have been loyal to me and my forefathers and have been proud to be Hyderabadis, whatever their creed. In these circumstances, Hyderabad is fully entitled to retain its separate identity. But, short of accession, it is ready and willing to make such a Treaty of Association with the Dominion as will not only secure friendly relations but will lead to the fullest co-operation. Moreover, we shall welcome suggestion from the Dominion of terms calculated to make our association more real and binding.

4. But if Hyderabad were to accede to the Dominion, it would lose its independent identity, for accession would involve organic union and giving the Dominion power to make laws for the State. When I explained my policy in my Firman of 11th June, 1947, I expressly referred to my unwillingness to join either of the new Dominions and by so doing to seem to take sides in what has become a communal division of India. Since the transfer of power on the 15th August, 1947, the political effect of division of territory and government on a purely communal basis have become tragically clear. I am apprehensive that accession would introduce the same ruinous disturbance and bloodshed into my State and I am satisfied that it is my duty in the interests of my subjects to avoid this. I am confident that Your Excellency understands my difficulties and the special circumstances of my State. I am sure that, in any event, you will not tolerate any pressure being brought to bear upon Hyderabad to drive me (when all responsible leaders of opinion in the U.K. and in India have promised a free choice) to accept one particular alternative if I feel in my conscience and after grave deliberation that I am bound to reject it.

5. My Ministers have accordingly prepared for your consideration a first tentative draft of Heads of Agreement upon which such a Treaty as I have suggested could eventually be based and they are prepared under my instructions to consider any suggestions for the improvement of the document which Your Excellency's Ministers may put forward

6. If, however, the Dominion are unwilling even to consider and discuss any solution short of accession, I fear that there is no useful purpose to be served by further negotiations at present. May I be permitted to assure Your Excellency how deeply and sincerely I should deplore such a conclusion and how much I hope in the mutual interests of the Dominion and the State that even now it can be avoided?

7. If, which God forbid, a breakdown should occur in our negotiations, I shall have to publish the communications which have passed

between us, so as to make my position clear before my subjects and the general public of the world in order that they may be in a position to judge how far my attitude and my offer have been just and proper.

DRAFT HEADS OF AGREEMENT.

SECTION I.—*Defence.*

1. Should the Dominion become involved in hostilities, Hyderabad will immediately come to its aid. In the event of an imminent threat of hostilities, the parties will immediately concert together the necessary measures of defence.

2. Hyderabad will raise and maintain in peace, and contribute towards the common defence of India in war, a Hyderabad Force in accordance with the following conditions :—

(*a*) Size of Force—One Brigade group :

(*b*) Recruiting, maintenance and equipment. Hyderabad to bear the cost. Dominion to provide arms, ammunition and equipment at fair cost. Standard of armament, equipment and ammunition to be the standard for the time being applicable to be the striking forces of the Indian armies.

(*c*) The Force to be based on Hyderabad but may be trained with the Indian Army : but Hyderabad to be permitted to relieve units of Force periodically to spread the advantage of such training.

(*d*) If the Dominion engaged in external warfare, the Force to be available for the common defence and to operate with the Indian Army.

(*e*) Commanders of the Force to be appointed by H.E.H. and all officers commissioned by him. Discipline maintained in his name and under his authority. When Force operating outside Hyderabad, Force, with its own Commanding Officers, may be placed under orders of appropriate officers of Indian Army, generally in accordance with the procedure of the last war.

(*f*) When Force operating outside Hyderabad, to be administered in accordance with Indian Army Act and Rules and Regulations made thereunder—such Act, Rules and Regulations being adopted (with suitable adaptations) where necessary by H.E.H.

3. If, at any time (except in war) when the Force is for time being outside Hyderabad, H.E.H. requires the return of the Force to Hyderabad, it shall be returned forthwith.

4. The Force not to be sent outside territories of Greater India (*i.e.*, all territories comprised in the Empire of India before 15th August, 1947) without H.E.H.'s consent which consent, however, he will not, in time of war, unreasonably refuse.

5. Neutrality if hostilities with Pakistan.

6. The Dominion to provide Hyderabad with arms, etc., for its remaining troops and police forces at fair cost. Hyderabad to have normal right to acquire such arms elsewhere, but Dominion to assist on request.

SECTION 2.—*External Affairs.*

7. Status of Hyderabad to be sovereign independent State Assocciaed with the Dominion of India in accordance with the terms of this agreement.

8. Full and frank consultation in all matters of foreign policy which may affect interest of both; and Hyderabad to procure its foreign policy to be in general conformity with the foreign policy of the Dominion.

9. Hyderabad to be free to make Treaty or other arrangements with H.M.G. in U.K.

10. Hyderabad to be free to enter into direct political relations with any part of the British Commonwealth of Nations and, if and when it wishes, with other foreign powers. In all cases where Hyderabad does not appoint representatives, to conduct its political relations through the Dominion and its representatives.

Note.—Hyderabad has no immediate intention of pursuing an extensive foreign policy, but must retain the right to appoint representatives.

11. Provision to facilitate freedom of personal transit between the Dominion and Hyderabad.

12. Further provisions will be necessary about

(*a*) Passports.

(*b*) Extradition.

(*c*) Naturalisation.

They are not, however, of such primary importance as the foregoing, and they can be negotiated in due course, with perhaps a temporary interim arrangement to cover immediate needs.

SECTION 3.—*Communications.*

The aim of the paragraphs in this section, which have in fact been worked out in some detail though only given in outline below is to produce full working harmony between the Dominion system and the Hyderabad system. Much of the field is a matter of practical administration rather than of legislation, and the end desired can be achieved through a normal type of working agreement. In the legislative field there is already in fact a close conformity of law between Hyderabad and the Dominion, and that conformity should continue in the sense that Hyderabad should undertake to conform, if necessary, by passing legislation on the lines of Dominion legislation, subject to adaptations necessary to suit local conditions.

A. Railways.

13. *Construction and Reconstruction.*

(*a*) Provisions* to regulate construction of new lines and substantially competitive lines: with a Tribunal where disagreement.

(*b*) Similar provisions about alterations of alignment or gauge.

14. *Standards of safety.*—Hyderabad to conform to physical and operational standards of safety of Railways of Dominions.

15. *Facilities*—Reasonable facilities including through traffic and provisions to prevent unfair discrimination.

16. *Interchange, standard conditions of carriage, maximum and minimum rates and fares, terminal charges.*—This subject is more a matter for inter-railway arrangement than for legislative powers; continuance of India Railways Conference Association on similar lines to present: or a Joint Co-ordination Committee with wider powers might be preferred.

17. Each Government to use its executive and legislative authority to ensure the carrying out of the Agreement.

B. Air Communications.

18. Hyderabad to conform with Dominion standards of safety, qualifications for air crews, etc.

19. Full mutual facilities for passage of air traffic including W/T and R/T facilities.

20. Power to declare prohibited areas.

C. Posts (other than Savings Bank).

21. All post offices and postal equipment within the State to belong to and to be run by the State with suitable financial arrangement covering transfer (including staff).

22. Full mutual exchange of postal matter, services and facilities between Dominion Post Offices and State Post Office with co-operation and reciprocity.

23. Hyderabad law to conform to Dominion law on such matters as rates of postal charges (except for internal traffic) and recovery thereof; regulation of what may be sent by post and the definition of categories of postal matter; amounts of postal orders and rates chargeable in respect thereof; disposal of undelivered postal matter; postal offences and penalties.

24. Provisions as to use of Hyderabad stamps on communications starting from Hyderabad.

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*Details of these suggestions can be furnished early. They have been under consideration some time.

D.—TELEGRAPHS AND TELEPHONES.

25. All lines and equipment within the State to belong to and be run by the State with suitable financial arrangement covering transfer (including transfer of staff and stores).

26. No new lines within State without State's consent.

27. Provision for inter-communication on basis of mutual facilities.

28. Hyderabad law to conform to Dominion law on such matters as regulation of form and content of telegrams and definition of different categories of telegram : rates of telegraphic charges (except for internal traffic) and recovery thereof : amounts of telegraphic money orders and rates to be charged ; charges for the inter-Dominion-State telephonic services ; disposal of undelivered telegrams ; offences and penalties.

29. Provision for through telegraph and telephone services.

SECTION 4.—*Currency and Trade.*

30. Hyderabad to retain its own currency.

31. The parties to appoint a Joint Committee to consider suitable arrangements in relation to such matters as :—

(*a*) overseas balances ;

(*b*) quotas ;

(*c*) access to commodities ;

(*d*) allocation of shipping and other facilities for foreign trade.

SECTION 5.—*Port and Cust ms.*

32. Hyderabad to obtain a commercial concession from the Portuguese Government entitling it to use the Port of Goa.

33. Hyderabad to develop Goa to the standards of a modern port.

34. The Dominion to have an option to participate on a 50-50 basis as regards capital, management and benefit.

35. The Dominion and Hyderabad to negotiate a Railway Agreement covering transit between Goa and Hyderabad.

36. Hyderabad, if desired by the Dominion, to finance any railway extension made necessary by the use of Goa.

37. Goods through Goa to or from Hyderabad to be free of Dominion duties but Hyderabad to charge and retain duties at current Dominion rates.

SECTION 6.—*Berar.*

38. The *status quo* to be maintained in Berar for the present, but the position to be regularised by more correct documents including an agreement between the Dominion and the Nizam on the lines of the Agreement of October, 1936.

39. An agreement to be negotiated for a long-term settlement in respect of Berar. Hyderabad are ready to discuss this in detail. But it is not dealt with in detail here since the intention of this document is to concentrate on Defence, External Affairs and Communications.

(14)

Letter dated 24th September, 1947, from His Excellency the Governor-General of the Dominion of India to His Exalted Highness the Nizam.

I have received Your Exalted Highness's letter of the 18th September 1947 and have been supplied with a copy of the Heads of Agreement referred to therein. I have further held a conference with the Hyderabad Negotiating Committee at which the views entertained by my Government and yours were once again fully discussed.

I promised at that conference that I would have the Heads of Agreement carefully examined. This has been done and I have received the views of my Ministry. They remain of the opinion that the Instrument of Accession contains terms most generous to the States and that the Dominion has not asked for anything which would deprive the States of any rights or powers which they have hitherto enjoyed. Moreover, in view of what they have said to other States which have acceded, my Government would find it very difficult to offer any other Instrument to any State. Nevertheless they recognise to the full the unique position of Hyderabad and would be prepared to go to any reasonable length to smooth away any difficulties which impede Your Exalted Highness's accession.

But the Heads of Agreement do not afford a satisfactory solution. My Government observe that these give no legislative power to the Dominion ; and this is an arrangement which they cannot accept. Moreover, it is to be noted that in External Affairs, Hyderabad, while disclaiming any immediate intention of pursuing an extensive foreign policy, demands the right to enter into direct political relations with any foreign power. Hyderabad has never exercised any such right in the past and the claim to exercise it for the future removes much of the substance from the promise that Hyderabad will ensure that its foreign policy is in general conformity with the foreign policy of the Dominion.

It would serve no useful purpose for me in this letter to enter into a more detailed examination of the Heads of Agreement, but it has been observed that they refer to Hyderabad's stamps and currency. I am able to assure you that, if Hyderabad accedes, there will be no difficult in securing the continuance of all existing rights of this character. Indeed, if Your Exalted Highness is prepared to accede, you will receive the fullest co-operation from the Dominion in obtaining for your State any arrangements which you may reasonably suggest for the advantage and prosperity of Hyderabad. Nor need Your Exalted Highness apprehend any interference with your internal sovereignty and autonomy within Hyderabad.

In these circumstances I earnestly hope that Your Exalted Highness will feel ready to reconsider the position in the interests both of Hyderabad and the Dominion and to execute the instrument of Accession.

(15)

Letter dated 26th September, 1947, from His Exalted Highness the Nizam to His Excellency the Governor-General of the Dominion of India.

I have had a full report from the Hyderabad Negotiating Committee of their interview with Your Excellency of 22nd September 1947. I have now received Your Excellency's letter of the 24th September 1947. I am disappointed to see that Your Ministers do not find in my letter to you of the 18th September and Heads of Agreement referred to in it a basis for compromise or even for discussion. It is of course true that my proposals do not give the Dominion legislative power in respect of my State but, as Your Excellency will have understood, this is implicit in the decision that Hyderabad cannot accede, of which (together with my reasons for it) I have informed you in my previous letters. I have always been ready and willing to discuss any form of association between the Dominion and Hyderabad, short of accession. I hope that, if we put our proposals in the form of concrete terms and provisions, the Government of the Dominion would be prepared to discuss them in detail as a practical contribution towards a reasonable settlement and that, if they were not satisfied with them, they would make counter-suggestions for their improvement which we should (as I said in my letter to you) have been glad to consider with them.

(2) Apart, however, from the point about legislative power which I have already mentioned, the only item in our Heads of Agreement, which is referred to in Your Excellency's letter is the provision whereby we suggested that Hyderabad should retain the right to appoint representatives with foreign powers. It is quite true that Hyderabad has not exercised this right in the past. While we were under the protection of British paramountcy, we were content that external relations should be in their hands. But the British have gone and paramountcy is over and the States have been given the opportunity, if they choose, of resuming complete independence. There can be no objection in principle therefore to a State of the size of Hyderabad contemplating the appointment of representatives to foreign powers. In this connection, I would draw attention to the passage in Your Excellency's letter in which you say that your Government recognise to the full the unique position of Hyderabad. Hyderabad has of course long been recognised as the Premier State in India. Its Ruler, known for many years as the Faithful Ally of the British Government, has enjoyed a special position with the style of His Exalted Highness. I could wish that Your Excellency's Government, bearing in mind the size, population and resources of Hyderabad, were prepared to give more practical effect to their recognition of its unique position than by continued insistence on the execution of an Instrument of Accession in precisely the same form as that open to all other States. So far as representation in foreign countries is concerned, Your Excellency has yourself mentioned the note in the Heads of Agreement in regard to this item in which we explain that there is no immediate intention of embarking on an extensive foreign policy. This is therefore not an urgently crucial point. On the contrary, it is a matter plainly susceptible of explanation and settlement by negotiation.

(3) In these circumstances (as I said at the outset of this letter) it is a disappointment to me and my Government that, with no other criticism of our proposals than those to which I have referred, the Dominion are neither prepared to treat them as a basis for negotiation nor to discuss them nor even to make any counter-suggestion, except their original proposal that Hyderabad should accede. I still hope that when Your Excellency's Ministers have had a fuller opportunity to consider our proposals in detail they may find that they present in outline a compromise which (after any suggestions for their improvement which the Dominion may put forward have been taken into account) might well, with goodwill on both sides, pave the way to a happy and fruitful co-operation between the Dominion and Hyderabad. At the same time, we should have a good prospect of avoiding the risk of disorder and bloodshed spreading to the south which, I am persuaded, would follow upon a decision by Hyderabad to accede to either of the new Dominions now so unhappily divided upon a purely communal basis. How different would have been the position and how much simpler Hyderabad's problem (as I pointed out in my letter to Your Excellency of the 8th August last) if the scheme of the Cabinet Mission in 1946 had been carried out. It was accepted by the Princes and involved no division of India, much less a division on a communal basis. As it is, Hyderabad must maintain its independence and at the same time seek to co-operate both with the Dominion of India and with the Dominion of Pakistan for the good of India as whole.

(4) Finally, let me assure Your Excellency once more, as I have assured you in previous letters that, short of accession, I am ready now, and shall remain ready at any future time when the Dominion ot India wishes to re-open negotiations, to enter into a treaty or agreement about the three subjects of External Affairs, Defence and Communications.

(16)

***Letter dated 15th October, 1947, from His Exalted Highness the Nizam to His Excellency the Governor-General of the Dominion of India.**

(1) I regret that we have not been able to reach a final agreement as to the eventual nature of the association between Hyderabad and the Dominion of India, but, as Your Excellency knows, I have always been ready to negotiate upon any basis, short of accession, and I am now enclosing a draft Standstill Agreement in a form in which I am prepared to execute it, but I am only prepared to do so on the understanding

(*i*) that in the event of war (which God forbid) between Pakistan and India, Hyderabad would be neutral; and

(*ii*) that the position between us would be reconsidered if the Dominion of India were to secede from the British Commonwealth of Nations;

**Note.*—This letter was not delivered to the Governor-General of the Dominion of India at the time as the Government of India had put forward counter-proposals, but a copy of the same was later forwarded to the Governor-General along with the Nizam's letter dated the 30th October, 1947.

(*iii*) that each party implicitly undertakes not to encourage or permit within its borders movements or propaganda calculated to subvert or disturb the peace and order or the established Government of the other party.

I have not inserted provisions to cover any of these points in the Standstill Agreement, because, as to the first two. I do not want in a formal Agreement even to contemplate the possibility of hostilities between the two new Dominion or of the Indian Dominion leaving the British Commonwealth, and, as to the third, the inclusion of such a provision might seem to imply that one or other of the parties might act in a manner inconsistent with the whole basis of the Agreement.

(2) It is of course manifest that my rights in regard to such matters as currency, coinage and postal rights are in no way impaired by the Standstill Agreement, but I should be glad if, in addition to assurances in respect of the matters dealt with in paragraph 1 sf this letter. Your Excellency would make it clear that the rights to which I have just referred continue undiminished.

(3) I should like to take this opportunity of suggesting that, in relation to passports, the Dominion of India should agree, as a matter of convenience in a question which is becoming urgent, to the Chief Secretary of my Government or some other appropriate officer issuing passports to Hyderabad subjects which would be countersigned by the Dominion.

(4) I know well Your Excellency's interest in all steps taken to abate communal antagonism. It may therefore be of interest to you to known that, in conformity with earlier declarations on my part. I propose to issue a Firman in the immediate future expressing my firm resolve to protect the lives, rights and interests of all my subjects alike, irrespective of caste or creed.

Draft Standstill Agreement.

Standstill Agreement concluded between the Government of the Dominion of India and the Nizam of Hyderabad & Berar.

WHEREAS it is the aim and policy of both parties to work together in close association and amity for the mutual benefit of both, and so to contribute to the stability of India as a whole : but they have not yet succeeded in reaching a final agreement as to the form and nature of such association :

AND WHEREAS it is to the benefit and advantage of the Dominion of India as well as of Hyderabad that existing agreements and administrative arrangements in matters of common concern should continue for the time being between the Dominion of India or any part thereof any Hyderabad :

AND WHEREAS pending such final agreement as foresaid the parties have reached a Standstill Agreement in which provision is made in respect of External Affairs, Defence and Communications and administrative arrangements generally :

NOW THESE PRESENTS WITNESS AS FOLLOWS:—

In the Field of External Affairs.

1. The Nizam undertakes to adopt the following arrangements :—

(*a*) The Nizam will maintain his Agent-General in the United Kingdom and will, if and when he so desires, appoint representatives in any Dominion of the British Commonwealth.

(*b*) The Nizam will if and when he so desires appoint Trade representatives in any country.

(*c*) The Nizam will not during the currency of this Agreement exercise his right to appoint representatives otherwise than as aforesaid.

2. The subject of the Nizam will be entitled as well to the services and protection of the Dominion of India and its representatives as to the services of the Nizam's representatives appointed as aforesaid.

3. The Dominion of India will facilitate freedom of transit between the Dominion of India and Hyderabad and assist Hyderabad in respect of passports, extradition and naturalisation. .

In the Field of Defence.

4. (*a*) The Dominion of India will come to the aid of Hyderabad in defence of her territories against external aggression. Hyderabad will afford to the Dominion of India all facilities necessary for this purpose.

(*b*) Should the Dominion of India become involved in hostilities, Hyderabad will immediately come to its aid. In the event of an imminent threat of hostilities, the parties will immediately concert together the necessary measures of defence.

(*c*) Hyderabad will raise and maintain in peace and contribute towards the common defence of India in war a Hyderabad Force in accordance with the following conditions :—

(*i*) The size of the Force shall be agreed between the parties but shall not be less than the Force available for a similar purpose on the 15th August, 1947, and not greater than one Brigade group.

(*ii*) Hyderabad will bear the cost of recruiting, maintaining and equipping the Force. The Dominion will provide arms, ammunition and equipment at fair cost. The standard of armament, equipment and ammunition will be the standard for the time being applicable to the striking forces of the Indian armies.

(*iii*) The Force will be based on Hyderabad but may be trained with the Indian Army ; Hyderabad will however be at liberty to relieve units of the Force periodically in order to spread the advantage of such training.

(*iv*) If the Dominion is engaged in external warfare, the Force will be available for the common defence and to operate with the Indian Army.

(*v*) Commanders of the Force will be appointed by the Nizam and all officers will be commissioned by him. Discipline will be maintained in his name and under his authority. When the Force is operating outside Hyderabad, the Force, with its own Commanding Officers, may be placed under the orders of appropriate officers of the Indian Army, generally in accordance with the procedure adopted during the last war.

(*vi*) When the Force is operating outside Hyderabad it will be administered in accordance with the India Army Act and the Rules and Regulations made thereunder, such Act, Rules and Regulations being adopted (with suitable adaptations where necessary) by the Nizam.

(*vii*) The Nizam will invite the Dominion Government at regular intervals to inspect the Force in order to ensure that the standards mentioned in this paragraph are maintained.

(*viii*) If, at any time (except in war) when the Force is for the time being outside Hyderabad, the Nizam requires the return of the Force to Hyderabad, it will be returned forthwith.

(*ix*) The Force will not be sent outside the territories of Greater India (*i.e.*, all territories comprised in the Empire of India before 15th August, 1947) without the Nizam's consent which consent, however, will not, in time of war, be unreasonably refused.

(*d*) The Dominion will provide Hyberabad with arms, ammunition and equipment for its remaining troops and Police forces at fair cost. If the Dominion do not fulfil the requirements of Hyderabad within a reasonable time Hyderabad will be at liberty to import arms, ammunition and equipment from other sources.

(*e*) In time of war, the Dominion of India will be entitled to station troops within the borders of Hyderabad, with the consent of the Nizam which will not be unreasonably withheld such troops to be withdrawn from the State within six months of the termination of the war.

In the Field of other matters of common concern (including communications)

5. Until new arrangements in this behalf are made, all agreements and administrative arrangements as to matters of common concsrn which on the 15th day of August, 1947 existed between the Crown and the Nizam shall, in so far as may be appropriate, continue as between the Dominion of India (or, as tha case may be, the part thereof) and the Nizam.

6. The parties will forthwith negotiate arrangements for the posts, telegraphs and telephones within Hyderabad to be wcrked as a Hyderabad system in harmony with the Dominion system.

7. The parties undertake to continue and to use their best endeavours to improve the smooth running of the existing administrative arrangements between the Dominion of India and Hyderabad.

In general.

8. The parties agree for the better execution of the purposes of this Agreement to appoint Agents in Delhi and Hyderabad respectively. Every facility shall be given to such Agents for the discussion of matters of common concern including External Affairs.

9. (*i*) Nothing herein contained shall include or introduce paramountcy functions.

(*ii*) Nothing herein contained and nothing done in pursuance hereof shall be deemed to create in favour of either party, any right continuing after the date of termination of this Agreement and nothing herein contained and nothing done in pursuance hereof shall be deemed to derogate from any right which, but for this Agreement, would have been exercisable by either party to it after the date of termination hereof.

10. Any dispute or difference between the parties arising hereout or touching any matter connected herewith shall unless settled by mutual adjustment be referred to the arbitration of two arbitrators, one appointed by each of the parties, and an umpire appointed by such arbitrators.

11. This Agreement shall continue in force for one year and ta the expiration of that period shall be subject to review by the parties and shall continue in force with such modifications, if any, as may be agreed on such review for a further period of one year but shall at any time be liable to be superseded by the term of the document in which the final relationship established between the parties is set out.

[*Signatures of the Governor-General of the Dominion of India, and the Nizam of Hyderabad and Berar.*]

(17)

Letter dated 21st October, 1947, from His Excellency the Governor-General of the Dominion of India to His Exalted Highness the Nizam.

I am aware of the contents of the two documents which Sir Walter Monckton brought up for me from Your Exalted Highness though, for reasons which were explained to me and I fully understood, he did not formally deliver them to me. They were nevertheless discussed during the negotiations and helped towards the conclusions which the representatives of both sides have tentatively reached.

Your delegation have been in Delhi a few days longer than was anticipated, but I do not think their time has been wasted, since they have been able to hammer out with representatives of my Government some documents which I hope may prove a saisfactory arrangement for the time being and secure, for the next year at least, peace in the South of India and good-will between our two Governments.

I shall hope to hear Your Exalted Highness' decision in the course of a few days. It is very important that in the interests of both Hyderabad and India this matter should be settled quickly as otherwise it will have a very unsettling effect in the South which I am anxious to avoid.

(18)

Letter dated the 30th October, 1947, from His Exalted Highness the Nizam to His Excellency the Governor-General of the Dominion of India.

Please refer to Your Excellency's letter dated the 21st October, 1947.

It has always been my desire to make the fullest contribution to the stability of this sub-continent, and it was with that object in view that I first offered to enter into a treaty with the Dominion of India whereby suitable arrangements could be made in respect of Defence, External Affairs and Communications. That offer having been found unacceptable to the Dominion of India, I had, with a view to resolve difficulties and in a spirit of reasonable accommodation, offered a Standstill Agreement not only in regard to the administrative arrangements, but also in the three essential fields of Defence, Communications and External Affairs.

I was, therefore, deeply disappointed to learn from my Delegation that even the terms of this offer were not acceptable to Your Excellency's Government. The Delegation placed before me another draft Agreement, which, I was given to understand Your Excellency's Government would be prepared to enter into. I and my Council of Ministers have given the matter our deepest consideration and regret that the proposed draft does not do justice to the unique position which Hyderabad holds and to which Your Excellency has also made references.

I need not assure Your Excellency that it is my earnest wish that there should not be a breakdown in our negotiations. I am as anxious as Your Excellency's Government to see that peace and tranquillity are maintained in the South and I am, therefore, fully prepared to enter into an agreement which should be in keeping with the special status of Hyderabad. I, therefore, trust that Your Excellency will use your good offices with your Government to secure acceptance of the draft Standstill Agreement to which Your Excellency has made a reference in the first paragraph of your letter of the 21st October.

I am sending this letter through my Negotiating Committee which is at present composed of :—

1. Moin Nawaz Jung, Minister, Police and Information ;
2. Mr. Pingle Venkatrama Reddy, Minister, Food, Civil Supplies and Agriculture ;
3. Mr. Abdur Rahim, Minister, Local Government and Industries ;

the last two being popular Ministers of my Government.

(19)

Letter dated 29th November, 1947, from His Exalted Highness the Nizam to His Excellency the Governor-General of India.

I regret that we have not been able to reach a final agreement as to the eventual nature of the association between Hyderabad and the Dominion of India. As Your Excellency knows, I have not been prepared to contemplate accession to either Dominion, but short of this, I have been ready to negotiate with your Government upon any other basis. I am now enclosing a Standstill Agreement which I am prepared to execute if Your Excellency's Government are also prepared to sign it. It is a disappointment to me that after such protracted negotiation we are unable to do more for the present than carry on existing arrangements subject to such changes as the departure of paramountcy imposes. On the other hand it is essential to put an end to the present state of uncertainty and the fact that the Agreement now to be executed is to endure for a year means that both Governments will be able to turn their attention more fully to the problems of administration without constant preoccupation with the question of our constitutional relationship. To that question we shall eventually have to return, but I am confident that, if during the next year our association in accordance with the terms of the Standstill Agreement is marked by good-will on both sides, we shall be more likely at the end of that period to reach a satisfactory agreement as to the nature of our long-term association. I regard this Standstill Agreement accordingly as founded upon the principle of good neighbourliness and I am sure that Your Excellency and your Government will approach it in the same spirit. But executing this Standstill Agreement I am in no way permanently prejudicing my rights as an independent sovereign, but I am of course conscious that I am in some important respect suspending the exercise of certain of those rights during the currency of the Agreement.

2. It is plain that an Agreement in this general form will necessitate a good deal of adjustment in regard to particular arrangements. In this connection I learn that your Government is prepared as soon as possible to negotiate with mine arrangements for the posts, telegraphs and telephones within Hyderabad to be worked as a Hyderabad system in harmony with the Dominion system. There are, in addition, problems about the Hyderabad Forces, both in regard to the troops and their equipment, which our Governments will need to discuss in the light of the fact that on the 15th August, 1947, the Hyderabad Forces and Police available for the maintenance of internal order could no longer rely upon the backing of the troops stationed in and near the State by the Paramount Power. This question has already been discussed with the late Military Adviser-in-Chief and with his successor and I have no doubt that Your Excellency's Government will have no objeetion to making any necessary adjustments in these respects and indeed in other cases of the same character, (having their origin in the exercise of paramountcy functions) which are already apparent or which may come to light in giving effect to the general provision contained in Article I of the Standstill Agreement. So far as arms and equipment are concerned, I understand Your Excellency's Government are ready and willing to provide Hyderabad with the necessary requirements of its Forces and Police. It is only if for any reason the Dominion Government cannot supply such requirements within a reasonable time that I shall approach other sources of supply, and then only after previous intimation to your Government.

3. There is also the question which has been much discussed between my Delegation and the representatives of your Government about diplomatic and trade representatives for Hyderabad abroad. I am prepared to execute the Agreement on the understanding that the Government of the Dominion will take no objection to the maintenance of the Hyderabad Agent-General in the United Kingdom or to the appointment of similar representatives in any other country. I shall be prepared to arrange for the complete co-ordination of the work of those representatives with the diplomatic and commercial representatives of the Dominion of India in such countries and to inform you in advance of any representatives whom I may decide to appoint. I am confident that Your Excellency's Government will be equally ready to co-operate with mine in regard to the import and export trade of Hyderabad.

4. There are several matters which have been outstanding between us for some time and which I should like to see cleared out of the way as soon as the Agreement comes into force:—

(*i*) No Paramountcy functions remain to be exercised; nor was the Hyderabad Residency retained except as a house for the British Resident when there was one in the past. In these circumstances I should be glad if your Government would now hand it over to Hyderabad. Suitable arrangements cau be immediately made about the Treasury and your Treasury officials.

(*ii*) It is urgently necessary that arms, equipment and, in particular, ammunition should be immediately made available to Hyderabad. We have had no supplies since July and the shortage is interfering with the training of the Hyderabad Army.

(iii) In the same way, there has been difficulty in securing the importation of " soft " vehicles for the use of the Army and, in the special circumstances of Hyderabad, you will appreciate the importance of mobility having regard to the areas to be covered.

(iv) I understand that the last of the Dominion troops stationed in Hyderabad will be removed in the course of the next month and I shall be glad of conformation on this matter.

(v) The transfer to Hyderabad of all jurisdiction within the State was agreed in principle before the 15th August, 1947, and was largely effected before that date and has continued since. There are however some points still outstanding in this regard in relation to Police jurisdiction on part of the railways which run through the State. I assume that such jurisdiction will be immediately restored to Hyderabad.

5. It is of course manifest that my rights in regard to such matters as currency, coinage and postal rights are in no way impaired by the Standstill Agreement but I should be glad if Your Excellency would give me an express assurance that the rights to which I have just referred continue undiminished.

6. I should like to take this opportunity of suggesting that, in relation to passports, the Dominion of India should agree, as a matter of convenience in a question which is becoming urgent, to the Chief Secretary of my Government or some other appropriate officer issuing passports to Hyderabad subjects which would be countersigned by the Dominion.

7. I am sure that in entering into this Agreement both our Governments intend to do all they can to prevent and discourage subversive movements and propaganda in the terrietory of the other.

8. I know well Your Excellency's interest in all steps taken to abate communal antagonism. It may therefore be of interest to you to know that, in conformity with earlier declarations on my part, I propose to issue a Firman in the immediate future expressing my firm resolve to protect the lives, rights and interests of all my subjects alike, irrespective of castes or creed.

(20)

AGREEMENT.

Agreement made this Twenty-ninth day of November Nineteen Hundred and Forty-seven between the Dominion of India and the Nizam of Hyderabad and Berar.

WHEREAS it is the aim and policy of the Dominion of India and the Nizam of Hyderabad and Berar to work together in close association and amity for the mutual benefit of both, but a final agreement as to the form and nature of the relationship between them has not yet been reached :

AND WHEREAS it is to the advantage of both parties that existing agreements and administrative arrangements in matters of common concern should, pending such final agreement as aforesaid, be continued;

Now, THEREFORE, it is hereby agreed as follows:—

Article 1.—Until new agreements in this behalf are made, all agreements and administrative arrangements as to the matters of common concern, including External Affairs, Defence and Communications, which were existing between the Crown and the Nizam immediately before the 15th August, 1947, shall, in so far as may be appropriate, continue as between the Dominion of India (or any part thereof) and the Nizam.

Nothing herein contained shall impose any obligation or confer any right on the Dominion—

(*i*) to send troops to assist the Nizam in the maintenance of internal order.

(*ii*) to station troops in Hyderabad territory except in time of war and with the consent of the Nizam which will not be unreasonably withheld, any troops so stationed to be withdrawn from Hyderabad territory within 6 months of the termination of hostilities.

Article 2.—The Government of India and the Nizam agree for the better execution of the purposes of this Agreement to appoint Agents in Hyderabad and Delhi respectively, and to give every facility to them for the discharge of their functions.

Article 3.—(*i*) Nothing herein contained shall include or introduce paramountcy functions or create any paramountcy relationship.

(*ii*) Nothing herein contained and nothing done in pursuance hereof shall be deemed to create in favour of either party any right continuing after the date of termination of this Agreement, and nothing herein contained and nothing done in pursuance hereof shall be deemed to derogate from any right which, but for this Agreement, would have been exercisable by either party to it after the date of termination hereof.

Article 4.—Any dispute arising out of this Agreement or out of agreements or arrangements hereby continued shall be referred to the arbitration of two arbitrators, one appointed by each of the parties, and an umpire appointed by those arbitrators.

Article 5.—This agreement shall come into force at once and shall remain in force for a period of one year.

In confirmation whereof the Governor-General of India and the Nizam of Hyderabad and Berar have appended their signatures.

(Sd.) *Nizam of Hyderabad and Berar.*

(Sd.) LORD MOUNTBATTEN OF BURMA.

Governor-General of India.

(21)

Letter dated 29th November, 1947, from His Excellency the Governor-General of the Dominion of India to His Exalted Highness the Nizam of Hyderabad and Berar.

I acknowledge with thanks the receipt of Your Exalted Highness's letter dated 29th November and the Agreement. While my Government and I note that Your Exalted Highness has no intention of acceding to Pakistan, we very much regret that you should have been unable to execute an Instrument of Accession with India. Both my Minister for State in his Statement of the 15th July and I myself in my speech of the 25th July to the representatives of the States have made it clear that it is the earnest desire of the Government of India to maintain the sovereignty of the States and to work with them as full partners in the administration of the three subjects proposed for accession. My Government cordially reciprocate your hope that, given goodwill on both sides, the working of the Standstill Agreement will provide a basis for a satisfactory long-term solution. Placed as Hyderabad is, its interests are inextricably bound up with those of India; and my Government hope that before the present arrangement expires, it will be possible for Hyderabad to accede to the Dominion of India.

2. My Government will be prepared to discuss with your representative as soon as possible the question of handing over the posts, telegraph and telephones; and also the future strength and equipment of the Hyderabad Forces.

As regards the supply of arms and equipment, the Dominion Government will be able to supply your legitimate requirements.

3. My Government have no objection to your maintaining an Agent-General in London and appointing similar representatives elsewhere if necessary. In this connection they are very glad to have your assurance, to which you will appreciate that the Government of India attach great importance, that the activities of such representatives will be fully co-ordinated with those of the representatives of the Dominion of India and will be confined to matters properly relating to trade and commerce.

The Government of India are certainly prepared to co-operate with Hyderabad fully in regard to its import and export trade.

4. As regards the points raised in para 4 of your letter, my Government have authorised me to say as follows:—

(1) My Government gladly agree that the Residency buildings at Hyderabad will be returned to your Government as soon as alternative accommodation promised by you is made available for our Treasury and officials employed there.

(2) My Government will take the necessary action in regard to the early supply of arms and ammunition for which an indent has been received from your Government.

(3) My Government will help your Government in securing the vehicles that they require.

(4) It is the definite intention of my Government that the troops at present stationed inside Hyderabad territory should be progessively withdrawn according to an agreed programme and that the withdrawal should be completed by the end of February 1948 at the latest.

(5) On the points remaining to be settled regarding the retrocession of jurisdiction, these can be discussed with my Government by your representative as soon as he is appointed.

(5) I am authorised to assure Your Exalted Highness that your rights in regard to currency, coinage and postal matters will in no way be impaired by the Standstill Agreement.

(6) My Government will take up the question of passports mentioned in paragraph 6 of your letter. Thay are fully prepared to assist you in this respect.

7. With reference to paras 7 and 8 of your letter, the Government of India desire to assure Your Exalted Highness that is their earnest desire to promote communal harmony and to maintain peace and security, and they will co-operate wholeheartedly with you to that end.

8. I enclose the Agreement duly signed by me.

(22)

Letter dated 9th March, 1948, from His Exalted Highness the Nizam to His Excelleney the Governor-General of the Dominion of India.

I have read the minutes of the discussion between my delegation and yourself and Mr. Menon on the 2nd and 4th of March. I see that Your Excellency said that the greatest service which my Prime Minister could on his visit to Karachi would be to arrange for the so-called Rs. 20 crores loan not to be realise during the term of the present Standstill Agreement. I learn that you were of the opinion that to dispose of this matter would do much to allay the suspicion which exists in the minds of the Government of India about Hyderabad. My Prime Minister, in undertaking to ask the Government of Pakistan not to put the securities in question on the market during the currency of the agreement, certainly went beyond any express authority which he had. You would no doubt appreciate that to make such a proposition to Pakistan long after the transfer of securities is an embarrassing matter for the State, but I well understand that he took this course in his enthusiasm to do all he could to remove a ground for suspicion, which, in Your Excellency's opinion, was interfering with the proper working of the Standstill Agreement.

(2) I see also that with the same purpose he agreed to amend the recent Currency Ordinance in order to take the sting out of it, as he expressed it, by permitting as a matter of concession travellers to use Indian currency for their *bona fide* requirements.

(3) I am, however, most disappointed to learn that the draft joint announcement which Sir Walter Monckton prepared on the basis of the agreed outline was not acceptable to your Government. I understand that your Government was only prepared to agree to the issue of a joint statement if Sir Walter Monckton's draft, of which I attach a copy, was altered in three important respects :—

(*i*) by making it appear that the Government of Hyderabad had agreed to *arrange* with the Government of Pakistan not to cash the securities in question during the currency of the Agreement. This was not accordance with what had been agreed and recorded, nor could the Prime Minister or his colleagues give any such undertaking which for its implementation necessarily dependent upon the consent of the Government of Pakistan ; (*ii*) by insisting that the amendment of the Currency Ordinance should be suitably made in consultation with the Government of India, which again was not in accordance with the Agreement reached ; (*iii*) by deleting any reference to the undertakings given by the Government of India in regard to the implementation of the Standstill Agreement—not even to take the necessary steps to remove the restrictions which have for so long now impeded the import into Hyderabad of vehicles, plant and machinery and other goods lying at ports and other places. It would have been quite impossible for my Prime Minister to have justified any agreement to an announcement of such a one-sided character as would have been, with the amendment suggested on Thursday night. I am the more disappointed at the third suggested amendment inasmuch as the minutes of the meeting on that day demonstrate that my delegation had agreed to omitting reference to the promise to supply arms and equipment due on the basis of the strength of the Hyderabad Army on the 15th August, 1947, in order to avoid possible embarrassment to the authorities of the Government of India. I confess that I find great difficulty in understanding why, if the object of both parties is to remove suspicion, your Government should insist on refusing to announce that discussions were in a friendly atmosphere and that a number of differences had been removed and that they were ready to secure the passage of goods into Hyderabad from the territories of the Union, were they been for so long held up.

(4) My Government remain ready to take the steps agreed upon in the conferences to remove all sources of suspicion, but the only way in which the corresponding suspicion here can be dispelled is for the various promises on behalf of the Government of India in particular those recorded on page (6) of the minutes of the 4th March to be implemented without delay. It was, I understand, not seriously denied that the passage not only of arms and equipment but of motor vehicles, plant, machinery and the goods and commodities ordinarily necessary for the economic and commercial life of the State, were being deliberately held up in the Provinces which surround Hyderabad. If this is to continue it is hard to see what hope there can be for the future. Surely after clearing the grounds for suspicion on the part of Hyderabad in a manner agreed upon there should be no hesitation on the part of the Government of India to pronounce its intentions towards the implementation of the Standstill Agreement. Such an attitude has caused and still creates tension and misunderstanding between us and I trust that Your Excellency will ensure, before it is too late that, what have amounted in recent months to economic sanctions and a

complete blockade, are immediately withdrawn. This and the supply of arms and ammunition already admittedly overdue would do much to remove suspicion and pave the way not only to the working of the Standstill Agreement but to a more lasting solution of the problems which confront us. My Prime Minister has made it plain, that both in the realm of Foreign Affairs and Defence, we are anxious to contribute to your security and to assure you that Hyderabad is not a nest of Pakistan in India nor a possible source of danger to your Dominion. If Your Excellency can secure what I have asked for in this letter, you will not find me wanting in my efforts, on the lines indicated by my Prime Minister, to remove any grounds of distrust of Hyderabad which now exist in India.

Draft prepared by Sir Walter Monckton.

Discussions have taken place during the last few days between representatives of the Government of India and of the Hyderabad Government under the Chairmanship of His Excellency the Governor-General. As a result of these discussions, which were held in a most friendly atmosphere, a number of issues on which the two Governments had taken different views have been resolved.

With reference to the exchange of securities between Hyderabad and Pakistan, the Government of Hyderabad has agreed to ask the Government of Pakistan not to place the securities in question on the market during the currency of the present Standstill Agreement between Hyderabad and the Indian Union. The Government of Hyderabad has also agreed, with reference to the recent Currency Ordinance, to make provision to enable travellers from outside the State to use Indian currency for their *bona fide* requirements within the State without incurring any penalty. The Government of India on its part has agreed to implement its obligations under the Standstill Agreement and, in particular, to take the necessary steps to remove all restrictions on the import into Hyderabad of motor vehicles, machinery and other goods. In regard to all other matters of common concern the two Governments agreed to work together in close harmony.

As amended by Government of India.

Discussions have taken place during the last few days between the representatives of the Government of India and of the Hyderabad Government under the Chairmanship of the Governor-General. These discussions have not been concluded and the Hyderabad Delegation will return by the end of this month when the discussions will be resumed.

In the meanwhile, with reference to the exchange of securities between Hyderabad and Pakistan, the Government of Hyderabad has agreed to arrange not to cash the securities in question during the currency of the Standstill Agreement. The Government of Hyderabad has also agreed with reference to the recent Currency Ordinance to amend it suitably in consultation with the Government of India.

In regard to the matters of common concern covered by the Standstill Agreement, the two Governments have agreed to work together in close harmony.

(23)

Letter dated 19th March, 1948, from His Excellency the Governor-General of the Dominion of India to His Exalted Highness the Nizam.

Thank you for your letter of the 9th March, which I found here on my return from a tour to West Bengal, Orissa, Burma and Assam.

(2) Unfortunately the Minister for States, Sardar Vallabhbhai Patel, is too ill to attend to business at present, and the Secretary of the States Ministry, Mr. V. P. Menon is absent on tour. I myself leave for Kapurthala tomorrow and then go to Travancore and Cochin, and shall not be back until the 28th.

(3) As a constitutional Governor-General, Your Exalted Highness will realise that I am not in a position to answer this letter without ministerial advice, and in the circumstances I have sent it to the Ministry of States to await the return of Mr. V. P. Menon with the request that he will arrange to have the letter answered officially on behalf of my Government without waiting for me to return, as I know Your Exalted Highness will be anxious to have an early reply.

(24)

Letter dated 23rd March, 1948, from the Secretary to Government of India, Ministry of States, to His Excellency the Prime Minister, H.E.H. the Nizam's Government.

I am directed to address you on the relations between the Government of India and H.E.H. the Nizam's Government.

2. The Government of India consider that a position has been reached in the discussions relating to the Standstill Agreement when definite and prompt steps have to be taken to prevent the relations between the two Governments as well as the security of the areas on both sides of the Hyderabad border from deteriorating further.

3. The Government of India have given the most careful consideration to the views which have been placed before them by you and other representatives on behalf of H.E.H.'s Government at the various discussions which have taken place since January, 1948. They have come to the conclusion that H.E.H.'s present Government have failed to carry out the obligations under the Standstill Agreement as hereinafter stated :—

(A) They have committed a breach of the existing agreements and arrangements relating to External Affairs :—

(*a*) by giving a loan of twenty crores to a foreign power, to wit, the Pakistan Government;

(*b*) by appointing a Public Relations Officer in Pakistan (now recalled).

(B) They have also failed to carry out their obligations relating to Defence, that is to say :—

(*a*) by repudiating to obligations arising out of the Indian States Forces Scheme, 1939;

(*b*) by increasing the strength of the State Forces without the approval of the Government of India ;

(*c*) by failing to forward an Annual Return in respect of the Police Forces ;

(*d*) by supporting and taking assistance from the Razakars, a private army of Irregulars, functioning in collaboration with the Millitary and the Police of Hyderabad.

(C) They have further committed a breach of the agreements and arrangements in respect of communications by entering into an agreement with the United Press of America for setting up a transmitting and/or receiving station at Hyderabad without the concurrence of the Government of India.

(D) They have further committed a breach of the agreements and arrangements as to other matters of common concern in the following respects : —

(*a*) by making the use of Indian currency for cash transactions illegal in the State ;

(*b*) by banning the export of gold and groundnuts and other oil-seeds.

4. We have already brought these breaches to your notice in our discussions, but regret that so far they have not been set right.

5. H.E.H.'s Government will appreciate that as soon as the Standstill Agreement was executed the Government of India began to perform an essential part of the Standstill Agreement by withdrawing the Indian Army stationed at Bolarum. Practically the whole of it had been withdrawn by the end of February. The Government of India are also anxious to fulfil their other obligations. H.E.H.'s Government are aware that obligations under the Standstill Agreement are reciprocal. The Government of India therefore expect that H E.H.'s Government will fully co-operate with them by forthwith taking action in order to fulfil their obligations under the Standstill Agreement in the following manner, that is to say,

(*a*) by withdrawing twenty crores loan notes handed over to the Pakistan Government ;

(*b*) by agreeing to a joint Commission being appointed to examine and determine the agreements and arrangements relating to matters of Defence ;

(*c*) by furnishing a Return of the strength, organisation and equipment of the Police in the form in which it used to be done prior to August 15, 1947 ;

(*d*) by banning the organization of Razakars;

(*e*) by repealing the Ordinance making the use of Indian currency for cash transactions illegal in the State;

(*f*) by cancelling the ban on the export of gold, groundnuts, and other oil-seeds; and

(*g*) by cancelling the agreement, if any, with the United Press of America as regards the transmitting and/or receiving station for foreign news.

6. The peculiar position of Ittehad-ul-Mussalmeen in Hyderabad and of the Communists on the border causes the gravest concern to the Government of India. They consider that in the interests of peace inside the State and on both sides of the border the Ittehad-ul-Mussalmeen should be banned and its organisations wound up. If the activities of the Ittehad are not immediately stopped, it is apprehended that a very grave situation will develop involving the security not only of the Hyderabad State, but also of the adjoining Provinces of C.P., Bombay and Madras.

7. I am accordingly to request that H.E.H.'s Government will take prompt and definite steps to fulfil their obligations arising out of the Standstill Agreement and to ban the Ittehad as suggested. The Government of India will appreciate a very early reply indicating action which H.E.H. the Nizam's Government decides to take, or has taken, in respect of the various matters set out in this letter.

(25)

Letter No. PS/DO/LA/1, dated 27th March, 1948, from the Agent-General for India in Hyderabad to His Excellency the Prime Minister, H.E H. the Nizam's Government.

This is just to place on record that yesterday I delivered to you a letter from the Government of India in the Ministry of States. I have also, under instructions from my Government, mentioned to you that H.E. the Governor-General had passed on H.E.H. the Nizam's letter of the 9th of March addressed to him to the Government of India and that the Government of India had nothing to add to their letter of the 23rd of March 1948.

(26)

Letter No. 801-P, dated 30th March, 1948, from His Excellency the Prime Minister, H.E.H. the Nizam's Government, to the Agent-General for India in Hyderabad.

Please refer to your letter No. PS/DO/LA/1, dated March 27th, 1948.

I confirm that the letter from the Government of India in the Ministry of States, dated 23rd March 1948 was handed over to me by you on the evening of 26th March 1948. The matter is receiving serious attention and a considered reply will be forwarded in the course of the next few days.

(27)

Letter dated 5th April, 1948, from His Excellency the Prime Minister, H. E. H. the Nizam's Government, to the Prime Minister, Government of India.

In reply to the letter addressed to me by the Secretary to the Ministry of States of the Government of India and dated the 23rd March 1948, which was delivered to me personally by the Agent-General of the Government of India on the 26th March 1948 on the relations between the Government of India and the Nizam's Government, the Nizam and His Government are as anxious as the Government of India to prevent the relations between the two Governments, as well as the security of the areas on the both sides of the Hyderabad border from deteriorating further. The Nizam's Government would be glad to see the Standstill Agreement implemented henceforward with that good-will on both sides, which, as the Nizam observed in his collateral letter accompanying the Agreement, would make it more likely that at the end of the period a satisfactory agreement could be reached as to the nature of our long-term association. In the meantime I am sure that you will appreciate that good-will will not be promoted by attempts, by economic pressure or otherwise, to coerce the Nizam into the abandonment of his right to independent status which he has consistently asserted since the 15th August 1947.

2. You will permit me to say at the outset that this Government finds little encouragement, from the point of view of improving relations between the two Governments, in the marked changed between the tone of the letter, to which I am replying, with its increased catalogue of alleged breaches and its growing demands upon this State, and the more reasonable and amicable atmosphere which prevailed during the discussions between the Hyderabad Delegation and the Governor-General as recently as the 2nd and 4th March, 1948. This Government hopes that after the full and candid reply, which I am now sending, the way may be open to a return to a more friendly interchange of views. During those discussions the so-called Pakistan loan of 20 crores was treated as the most important outstanding obstacle to good relations and I undertook (at the suggestion of the Governor-General) to ask the Pakistan Government not to put the securities in question on the market during the currency of the Standstill Agreement. I have accordingly done so. Nobody then suggested that the Hyderabad Government should "withdraw twenty crore loan notes handed over to Pakistan Government." Yet that is the first demand contained in the letter under reply—see paragraph 5 (*a*). To take another instance, no one suggested at Delhi that "the Ittehad-ul-Mussalmeen," a political party which has been established in the State for many years, "should be banned and its organisations wound up." Yet that is the demand made in paragraph 6 of the letter of the 23rd March. These are but two examples which illustrated the change of attitude which the Government of India has now adopted. Others will emerge in the course of this reply.

3. Before dealing in detail with the specific allegations in the letter I must draw attention to paragraph 5 of it, in which the Government of India treats the withdrawal of the Indian Army stationed at Bolarum as the performance of "an essential part of the Standstill

Agreement." I am sure that your Government appreciates that the presence of non-Hyderabadi troops in the State up to the 15th August 1947 was justified, and indeed required, by reason of the Treaties between the British Government and the Nizam. Those Treaties were unilaterally denounced by the British by Section 7 of the Indian Independence Act. Thereafter (as was constantly pointed out by the Nizam to the Governor-General and never denied) there was no justification for the retention of Indian Army troops within the State. It is true that in spite of the Nizam's protest, such troops were still in Bolarum when the Standstill Agreement was signed more than three months later, on the 29th November 1947 and that, not unnaturally in the circumstances, the Nizam in the letter to the Governor-General of the same date, in speaking of "several matters which have been outstanding between us for some time" said [in paragraph 4 (iv)] that he understood that the last of the Dominion troops stationed in Hyderabad would be removed in the course of the next month; and that the Governor-General in his reply of the same date [paragraph 4 (4)] assured the Nizam of the intention of His Government to complete the withdrawal by the end of February 1948 at latest. But the Government of India would have had no right to keep them in Hyderabad, whether or not the Standstill Agreement had been signed. All that Article I of that agreement did in this connection was expressly to prevent the Dominion from acquiring any such right.

A. Breaches of the Standstill Agreement by the Government of India.

4. Paragraph 5 of the letter goes on to express the anxiety of the Government of India to fulfil their other obligations. It is added that obligations under the Standstill Agreement are reciprocal. If by this the Government of India intends to introduce the principle of reciprocal obligations in the Indian Contract Act, in order to excuse breaches by the Government of India of their obligations under the Standstill Agreement, we are advised, and shall so contend if and when the matter goes to arbitration, that this doctrine has no application in the circumstances of this case. Moreover, the Nizam's Government has faithfully performed its obligations under agreement, as they understand them. There are (as appeared in Delhi and will appear in the course of this letter) differences of opinion as to the nature and extent of the obligations of Hyderabad under the agreement. But the Nizam's Government is ready and willing, if it is found to have erred in its interpretation of those obligations, to carry them out as ascertained in the manner prescribed in the agreement itself. But it has great difficulty in understanding when prevents or has prevented the Government of India from carrying out some of its obvious, admitted and fundamental obligations under the agreement. Let me instance cases not only covered within the terms of the agreement itself but, by reason of their importance, specifically referred to in the collateral letters of the same date on the faith of which the agreement was executed.

(*i*) *Supply of arms and equipment.*

5. In paragraph (2) of the Nizam's letter to the Governor-General dated the 29th November, 1947, the Nizam wrote that he understood that the Government of India was ready and willing to provide Hyder-

abad with the necessary requirements of its forces and police, so far as arms and equipment were concerned, and added in paragraph (4) (*ii*) that it was urgently necessary that arms, equipment and in particular ammunition should be immediately made available to Hyderabad, which had had no supplies since July 1947. The Governor-General in paragraph (4) (*ii*) of his letter of the same date gave an assurance that he was authorised by his Government to say that it would take the necessary action in regard to the early supply of arms and ammunition, for which an indent had been received from the Nizam's Government. Four further months have now elapsed and not a rifle or a round of ammunition has been supplied to Hyderabad.

(*ii*) *Supply of soft vehicles.*

6. In paragraph (4) (*iii*) of the Nizam's letter he mentioned as one of the matters he would like to see cleared out of the way as soon as the Agreement came into force, the fact that there had been difficulty in securing the importation of soft vehicles for the use of the army and that, in the special circumstances of Hyderabad, the Governor-General would appreciate the importance of mobility having regard to the areas to be covered. The Governor-General replied in paragraph 4 (3) of his letter that his Government would help the Nizam's Government in securing the vehicles that they required. Nevertheless an embargo against the entry of such vehicles into the State has persisted during the four months that have elapsed since the signing of the Agreement.

(*iii*) *The Import and Export Trade of Hyderabad.*

7. In paragraph (3) of the Nizam's letter he said that he was confident that the Government of India would be ready to co-operate with the Nizam's Government in regard to the import and export trade of Hyderabad. The Governor-General replied in paragraph (3) of his letter that the Government of India was certainly prepared to co-operate with Hyderabad fully in regard to its import and export trade. Nevertheless it is a matter of common knowledge, and has not indeed been denied in the course of the recent talks, that all types of vehicles (in addition to those mentioned above), essential parts of plant and machinery of Government use and for private business in the State and even medical requirements, including chlorine for the treatment of water supply, have been held up in the territory of the Indian Union, (while very large demurrage charges have been incurred) right down to the present date. There has been no sort of co-operation to assist the import and export trade of Hyderabad. On the contrary, there has been abundant evidence obvious to the most casual enquiry that, in addition to official bans in some Provinces, every impediment has been put in the way of the admission of all kinds of capital as well as consumer goods essential for the life of the State.

(*iv*) *Berar.*

8. Among the agreements as to the matters of common concern which were existing between the Crown and the Nizam immediately before the 15th August, 1947, was the agreement of 1936 in relation to Berar. The Nizam pointed out in paragraph 6 of his letter of the 8th August 1947 to His Excellency the Crown representative, that

His Majesty's Government and the new States Department had unequivocally recognised his sovereignty over Berar and also his legal right to the reversion of administration over the territory on the 15th August, 1947. This proposition, which is based on the agreement of October, 1936, and Section 47 of the Government of India Act, 1935, was never challenged. On divers occasions after the 15th August, 1947, attention was drawn by the Nizam's Government to the fact that in breach of the provisions of the Berar Agreement the Nizam's flag was no longer being flown in Berar and that a new oath of allegiance was being used which contained no reference to him. No reply to this protest was vouchsafed except that the matter was under consideration. In fact, in spite of Article I of the Standstill Agreement no attempt has been made to carry out the provisions of the Berar Agreement. Moreover, without any reference to the Nizam's Government, there has been included in the draft Constitution of India prepared by the Drafting Committee a provision in Part I, Clause I, to the effect that the territory of India includes the territories of the States for the time being specified in Part I of the First Schedule. Part I of the First Schedule includes the territories known immediately before the commencement of "this Constitution" as the Governor's Province of the Central Provinces and Berar. In other words, so far from carrying out the agreement and administrative arrangements existing between the Crown and the Nizam immediately before the 15th of August 1947 in regard to Berar, the Government of India appears to intend to annex the territory in question, without reference to the Nizam, whose sovereignty over it and right to the reversion of the administration have never been challenged. In the view of the Nizam's Government this constitutes a serious breach of the Standstill Agreement.

(*v*) *Authorisation of Air Service in Hyderabad.*

9. It was always acknowledged by the British Government that no aircraft could lawfully fly over the territories of Hyderabad without the concurrence of the Nizam's Government. Nevertheless, in February 1948 the Government of India authorised a new service operated by the Indian Overseas Airways to be instituted and regularly carried on from Madras to Nagpur via Bangalore and Hyderabad with effect from the 28th February 1948, without obtaining the concurrence of the Nizam's Government. The service was, in fact, inaugurated by the Agent-General of the Government of India in Hyderabad in person and is still in regular operation in spite of the protest of the Nizam's Government.

(*vi*) *Subversive Movements.*

10. The fundamental basis of the Standstill Agreement was mutual good-will. This was expressed in several passages in the collateral letters. In particular I would remind you of paragraph 7 of the Nizam's letter in which he said that he was sure that in entering into the agreement both Governments intended to do all they could to prevent and discourage subversive movements and propaganda in the territory of the other. The Governor-General in para. 7 of his reply agreed that his Government would co-operate wholeheartedly. Nevertheless camps have been allowed to be established in the areas bordering on Hyderabad from which raiders, armed with modern weapons, Sten guns, Bren guns and the like, make frequent incursions

into the State, derailing trains and destroying life and property, with a view to shattering the peace and tranquility of Hyderabad for political ends. At the same time propaganda hostile to the State has frequently been put out from India by press, radio and even in speeches by responsible members of the Government.

B. ANSWERS TO CHARGES AGAINST HYDERABAD.

(*i*) *The so-called Pakistan Loan.*

11. I turn now to the specific allegations which are contained in paragraph 3 of the letter. The first, namely (A) (*a*), alleges a breach in relation to External Affairs by giving a loan of 20 crores to a "foreign power" to wit, the Pakistan Government. This is a matter which has been fully discussed between the parties and upon it there is a difference of opinion between our respective Governments as to whether there has been any breach of the Standstill Agreement. The Hyderabad Government, at a time before the Standstill Agreement had been concluded, took the view, which it still maintains, a view based upon precedent when the British were here, that it was entitled to make an investment in securities issued or to be issued by a foreign country. Moreover, in making the so-called loan to Pakistan it left much the greater part of the debt of the old Government of India with the Indian Union. Further the transaction took place at a time when relations between the two Dominions had not become so strained as they became later, and when a friendly act to one Dominion was not, it was hoped, necessarily to be regarded as unfriendly to the other. The point, however, which the Nizam's Government desires to stress at this juncture is that, as pointed out in paragraph 2 above, I have already taken the steps which the Governor-General himself recommended in order to reach an amicable settlement.

(*ii*) *The appointment of a Public Relations Officer in Pakistan.*

12. I must confess to some surprise that you have thought it necessary under paragraph (A) (*b*) to refer again to the appointment of a Public Relations Officer in Pakistan. Mr. Menon conceded during the discussions with the Governor-General at the beginning of March that it was open to Hyderabad to appoint an Agent-General to Pakistan and that this officer could properly have a Public Relations Officer appointed to serve under him. The complaint was that the Public Relations Officer was appointed first. The Hyderabad Government thereupon recalled him. It seems idle at this stage to debate whether there was in this matter any breach of the Standstill Agreement, since the procedure for dealing with such cases has already been amicably settled.

(*iii*) *Defence generally.*

13. Before dealing with the allegations of breaches contained in paragraph 3 (B) of the letter in the sphere of Defence, I would point out that at Delhi it was agreed that a meeting with Major-General Chaudhri should be arranged to discuss the question of the size of the Hyderabad Army: see the Minutes of the meeting of the 4th March 1948, page 5. Since then I have had talks on the subject with the Agent-General of the Government of India in Hyderabad who said,

after we had discussed certain figures suggested by me, that if a friendly atmosphere was there, he did not see any difficulty in the Government of India agreeing to a reasonable figure and it was that further details should be discussed between the C.G.S., India (*i.e.*, Major-General Chaudhri) and the Army authorities of Hyderabad : see the minutes of these talks (which took place as recently as the 16th and 17th March) paragraph 2. I know of no reason why these discussions between the military authorities should not take place at once and I am anxious that they should. Meantime I would remind you that when the British went, they repudiated (as stated above) their Treaty obligations with Hyderabad. Under the Treaties they had bound themselves to maintain some 10,000 troops in the State and 8,000 at call, who were specifically available for the protection of the State and dynasty against internal disorder. It has now become necessary for Hyderabad to provide further forces to take the place of these troops. Before the British went, the matter was discussed with the Military Adviser-in-Chief, who agreed that a substantial increase would be necessary. Indeed in July 1946, while the British forces were still available, General Moore, Military Adviser-in-Chief, had observed that the Regular Forces of Hyderabad were insufficient to meet present commitments, if they were called upon to meet them all at the same time. In November 1946 the Commander-in-Chief, India, during a visit to Hyderabad reviewed the whole position and endorsed the views of the Military Adviser-in-Chief as to the future strength of the Hyderabad Army. However, I made it clear at Delhi that, quite apart from any question of legal rights, Hyderabad had no desire to maintain a force beyond its requirements for internal security or such as could conceivably constitute any sort of menace to the Indian Union. I pointed out that the question was not simply one of numbers but of equipment also. Hyderabad needed considerable numbers because the area, over which they might have to be dispersed was large. But there was no intention to have that Army equipped for any sort of offensive action. In these circumstances it is most desirable that the consultations, upon which we agreed, should take place without delay. I further made it plain that we should be ready to provide facilities to enable the Indian Union to satisfy itself that we were keeping within the agreed figures.

(*iv*) *The Indian States Forces Scheme.*

14. Turning in these circumstances to the allegations contained in paragraph 3 (B) of the letter I would suggest that all that you can reasonably ask is conceded in what I have said in para 12 above. As to the paragraph 3 (B) (*a*) the letter does not particularise the obligations and the repudiation to which it refers, and this makes it difficult to deal with the allegation. Throughout our negotiations it has been made clear that Hyderabad is willing to contribute a substantial force to the defence of India, unless (which God forbid) war should break out between India and Pakistan. But it is of course quite another thing to admit that the Indian States Forces Scheme, 1939, applies still to Hyderabad. The Indian States Forces Scheme, the successor to the Imperial Service Forces Scheme, was a scheme under which the States assisted the Paramount Power as such and paramountcy has gone and with it this obligation. I would add that in any case Hyderabad made reservations to the 1939 Scheme protecting its position about withdrawal from it.

(v) Size of the State Forces.

15. In paragraph 3 (B) (*b*) it is alleged that by increasing the strength of the State Forces without the approval of the Government of India we have failed in carrying out our obligations in relation to defence. Again particulars are not given but I assume, since the matter is relied on as a breach of the Standstill Agreement that you are referring to some alleged increase since the 29th November 1947. There has in fact been no increase since that date, but in any case there was no limitation on the size of the State Forces in August 1947 and I understood that the Deputy Prime Minister made a statement to this effect recently in the Constituent Assembly in relation to all States. In any event the substance of this complaint will be met when the size of the State Forces is determined as a result of the contemplated discussions.

(*vi*) *Annual return of Police.*

16. So far as the allegation in paragraph 3 (B) (*c*) is concerned, the Agent-General of the Government of India in Hyderabad has since been furnished with the return so as to enable the necessary arms and equipment to be supplied, although we do not regard this return as strictly necessary according to the practice prevailing on the 15th August 1947.

(*vii*) *The Razakars.*

17. The assertion in paragraph 3 (B) (*d*) that the Hyderabad Government supports the Razakars is quite unwarranted, though it is true that in several instances the Razakars have resisted the raiders, who have entered State territories from the surrounding Provinces and caused grave damage to life and property in the border districts. The question of the Razakars cannot be considered in insolation. A policy in regard to them can only be carried out as part of a concerned scheme for dealing with the whole problem of the border district. I have on several occasions indicated my willingness to take any necessary action in this regard in consultation and co-operation with the other Governments concerned, but I have not been afforded the opportunity of such consultation. If the State Forces and Police are adequately armed and equipped to enable them to cope with the raiders, and the Provincial Governments co-operate with Hyderabad, the whole *raison d'etre* of the Razakars will disappear.

(viii) Agreement with United Press of America for Receiving Station.

18. In paragraph 3 (C) of the letter complaint is made of a breach in respect of communications by Hyderabad entering into an agreement with the United Press of America for setting up a transmitting and/or receiving station at Hyderabad without the concurrence of the Government of India. There is no such agreement for a transmitting station nor is there any question of installing a transmitter. I cannot believe that you take exception to an arrangement under which we receive news and programmes through this well-known American Agency. There could, I should have thought, be no objection to it even in the case of a private person, apart from any question of licences which does not arise here.

(*ix*) *The Currency Regulation.*

19. In paragraph 3 (D) (*a*) it is alleged that the Hyderabad Government has committed a breach of the agreement by making the use of Indian currency for cash transactions illegal in the State. This is a case upon which we were able to reach accord in Delhi. I undertook to introduce legislation modifying the recent Ordinance so as to allow the use of Indian currency for the *bona fide* requirements of travellers—see the Minutes of the 4th March 1948, page 6. Since my return the necessary amendment has been made and published. I took this course because I was anxious to reach an accommodation with the Government of India and to remove causes of suspicion. But if the matter is still to be debated as a matter of law, I am advised that the Ordinance was one which Hyderabad would have been fully entitled to pass during the time of the British. In those days not only was the B.G. rupee not legal tender, but its use was in one important field forbidden by law under penalty—under the Hyderabad Agricultural Markets Act II, passed in 1930. But this is one of the matters upon which, if there is still any substance in the difference between us, Hyderabad would of course be willing to accept and act on an arbitration award under the agreement.

(*x*) *The Ban on Exports.*

20. In para 3 (D) (*b*) Hyderabad is alleged to have committed a breach by banning the export of gold and groundnuts and other oilseeds. So far as the export of gold is concerned, the ban has been in force since 1942 without any objection from the Government of India. So far as oil-seeds other than groundnuts are concerned, no such embargo is now in force. There was never more than a temporary suspension of export. In regard to groundnuts as you are aware, Hyderabad has an exportable surplus of this commodity. The State must have the right to decide, as a matter of internal policy, how much groundnuts or other seed to retain for manufacture into finished articles for export. Of the balance, it must be free to use part for trade with the Indian Union and part for acquiring foreign exchange. The matter was discussed in the recent Delhi talks—see the Minutes of the 4th March 1948, page 6—and it was agreed that the question should be discussed between me and the Ministers of Finance and Commerce of the Government of India. I have already had a preliminary talk with the Minister for Finance and have no reason to doubt that we shall be able to reach a satisfactory arrangement in further talks.

C. Answer to Government of India's Requests.

21. I have in the course of the foregoing paragraphs indicated the readiness of the Nizam's Government to co-operate with the Government of India to carry out the Standstill Agreement and the practical steps they are taking and are prepared to take for this purpose. Nevertheless for the sake of convenience I will recapitulate these steps under the headings given in paragraph 5 of the letter from the States Ministry:—

(*a*) In respect of the matter of the so-called loan to the Pakistan Government I have taken the action in this regard suggested by the Governor-General in Delhi Conference.

(*b*) I have in the course of this letter and the discussions, which are referred to in it, expressed the anxiety of the Hyderabad Government to have the size of its forces determined after the consultation already suggested between General Chaudhri and the army authorities in the State. I do not see any necessity for the appointment of a Joint Commission to examine and determine the agreements and arrangements relating to matters of Defence. I should prefer as a speedier and more convenient course to have these matters also discussed between the appropriate officers, military and civil, of the two Governments. It may well be, and indeed it so appears from a perusal of the letter under reply, that there is a difference of opinion about the interpretation of the Standstill Agreement in regard to these questions, for instance as to the extent to which Article 3 (*i*) cuts down the content of Article 1. If so and if we cannot reach agreement by discussion, the Hyderabad Government will be anxious to have the matter settled by arbitration as provided by the agreement.

(*c*) The return of the strength, etc., of the Police has been rendered.

(*d*) I have said in paragraph 17 above that the question of Razakars ought to be considered in relation to the problem of the border districts as a whole.

(*e*) The amendment of the Currency Ordinance which was agreed upon in the Delhi Conference has been made and published.

(*f*) The ban on export of gold represents the continuance of an embargo put on such export long before the departure of the British and I hope that your Government will, on reconsideration, agree that it constitutes no breach of the Agreement. The ban on the export of surplus oil-seeds, other than groundnuts, has been removed. The ban on the export of groundnuts should be the subject of discussion between me and the appropriate Ministers of the Government of India as agreed in the Delhi discussion.

(g) There is no agreement between the Hyderabad Government and the United Press of America as regards a Transmitting station. It is hoped that, on reconsideration, the Government of India will agree that there can be no legitimate objection to the installation of the receiving station.

22. The Nizam's Government is unable to agree that the Ittehad-ul-Muslimeen should be banned and its organisations wound up, as suggested in paragraph 6 of the letter from the States Ministry. This is, of course, a matter eoncerning the internal policy of the State. The Ittehad is, as I have said in paragraph 2 above, a long established political party in the States, being the sole political organisation of Mussalmans, and the Nizam's Government, which is not banning any other political organizations in the State, (except the Communist Party, as in India) is satisfied that there are no grounds whatever to justify proscribing the Ittehad-ul-Muslimeen.

D. Appointment of Arbitrators under the Agreement.

23. I have dealt in the foregoing paragraphs fully and frankly with the allegations and requests summarised in the letter from the States Ministry, in the hope that your Government will appreciate

that we are genuinely anxious to remove the sources of disagreement and suspicion. The Nizam's Government is anxious to carry out fully its obligations under the Standstill Agreement, as they are ascertained to be. I have, in the course of this letter drawn attention to questions upon which the two Governments do not at present see eye to eye as to the extent and character of their respective obligations. Meantime, the economic blockade of Hyderabad is being tightened every day, and a propaganda war of nerves is being carried on against us at full blast. Our latest report are that troop concentrations are taking place in the Indian Union all round Hyderabad and there have been instances of military personnel of the Union Government going about in our territory in mufti with concealed weapons. Nevertheless we want friendly settlement and I, on my part, would like to do all that is humanly possible to achieve this end, so long as it is consonant with our dignity and honour. If I have not succeeded in removing the sources of disagreement and if you do not think that further discussions would remove them, I have to draw your attention to Article 4 of the Agreement which provides that any dispute arising out of the Agreement or out of Agreements or arrangements thereby continued should be referred to Arbitration. It seems to the Nizam's Government that Arbitration, as provided for in that Article, is the proper course in the circumstances which have arisen, to resolve our difficulties. I am, therefore, to suggest that, to ensure the smooth working of the Agreement from now onwards, both Governments should agree to submit to Arbitration all outstanding points between them, which can no doubt be formulated without delay by the appropriate officers of our respective Governments.

HYDERABAD AT A GLANCE

The CITADEL of the INDEPENDENCE OF DRAVIDIAN DECCAN

THE ONLY HAVEN OF COMMUNAL PEACE IN THE INDIAN SUB-CONTINENT

BASIC FACTS OF THE SOUTH INDIA MUSLIM INDEPENDENT STATE

by

A DRAVIDIAN PATRIOT, MADRAS

MAY, 1948

M. G. KHWAJA
Chakwal (W. Punjab)

HYDERABAD DECCAN
SUMMARY OF BASIC FACTS

Area (in round figures)	.... 82,600 Sq. miles.
Area of Hyderabad and Berar	.... 1,00,507 "
Total population	 1,63,00,000

Main Communities :—

Scheduled Castes (Non-Aryan Dravidians)	60,00,000
Viraswamies and Lingayats (Non-Hindu, Non-Aryan Dravidians)	40,00,000
Brahmins (Aryans)	2,50,000
Hindus (Marathas, Telingas other than Lingayats, Non-Aryans)	24,00,000
Muslims (including refugees)	40,00.000

Revenue—About	.... Rs. 32,00,00,000
Reserves (Currency)	53·77 Crores
Railways	.... 1,664 Miles
Roads	.... 7,000 "
Annual trade—	Rs. 60,00,00,000
Hyderabad State Bank—Capital	Rs. 1,50,00,000

WAR EFFORT IN WORLD WAR II.

Donations	.... Rs. 2,28,55,150
War Loans	.... Rs. 50,23,00,000
War Expenditure	.... Rs. 5,27,52,000
Total	.... Rs. 57,79,07,150

SUPERIOR TO MANY UNO MEMBER STATES.

Of the 57 Member States of the UNO, Hydrabad Deccan is superior to and greater than 44 Member States in Population, 20 in revenue, 38 in number of Schools, Colleges and University, 39 in total mileage of Railways, 31 in length of Roads and 25 in the total value of trade.

HEAD OF THE STATE.

His Majesty Nizamul Mulk Sultanul-Olum Mir Usman Ali Khan, the Seventh Nizam of the dynasty of Nizamul Mulk Asaf Jah, the Viceroy of Aurangzeb, Emperor of Delhi, a modern Shahjahan the Magnificent, the architect of Modern Hyderabad.

HEAD OF THE GOVERNMENT.

Mir Laiq Ali, a popular public leader and successful businessman and industrialist of Hyderabad.

HEAD OF THE ARMY.

Major-General Syed Ahmad El-Edross, is an Arab soldier. He is a first-class General and a veteran of the World War II.

FORM OF THE GOVERNMENT.

Popular Constitutional Monarchy and "Multinational" Coalition Cabinet System representing major communities on the model of the 'Multinational' Cabinet System of Switzerland.

JUDICIARY.

Separation of the Judiciary from the Executive effected, with an independent High Court at the head of the system.

RACIAL AND LINGUISTIC DIVISIONS LIKE SWISS CANTONS.

Telingana	(the Telugu-speaking zone).
Marathwada	(the Marathi-speaking zone).
Karnatak	(the Kenari-speaking zone).
Adibasi	(the aboriginal Tribal zone).
Urdu	(the Central zone).

CULTURAL AUTONOMY : UNITY IN DIVERSITY

Each zone is allowed to develop according to local language, culture and traditions but Urdu is the common link and the *lingua franca* of the State as the personality of His Majesty the Nizam is the only connecting link among the diverse communities, classes, races, castes, tribes and religions inhabiting the State.

USMANIA UNIVERSITY.

Usmania University is a great centre of the synthesis of Eastern and Western culture. Popular Urdu is the medium of instruction. Marathi, Kanari and Telugu are the media of instruction at the Primary and the Middle school stages of Education upto Class IX.

DAIRATUL - MA'ARIF.

World-famous Bureau for Editing and Publishing rare Arabic works, long-established in Hyderabad.

"ISLAMIC CULTURE."

World-famous Magazine published from Hyderabad.

COUNCIL OF MINISTERS.

Composed of popular Hyderabad leaders headed by Mir Laiq Ali, a very successful industrialist and other able administrators. The Council represents the Depressed Classes, the Lingayats, the Telingas, the Brahmins and the Muslims.

THE COUNCIL OF MINISTERS of Hyderabad Deccan is composed of the representatives of the following distinct communities :—

60,00,000	.... Non-Aryan Shudras and Depressed Classes. (Mr. Venkat Rao M.L.A.).
40,00,000	.... Non-Aryan, Non-Hindu Lingayets (Mr. Mallikarjan Appa M.L.A.).
40,00,000	.... Muslims (Mr. A. Rauf, M.L.A.)
2,50,000	.... Brahmins (Mr. Joshi, Maratha Brahmin).
24,00,000	.... Other Hindus, Marathas and Telingas (Mr. P. Venkat Rama Reddy, Deputy Premier).

In short Mir Laiq Ali Ministry is representative of all the major communities of Hyderabad Deccan—*viz.*,

The Depressed Classes.
The Muslims.
The Lingayats.

The Non-Brahmin Hindus, Marathas and Telingas of the Telingana and Marathawada.
The Brahmins . . .

Only a very small fraction of the North Indian Brahmins who are confined to the towns and in fact to one small Mohalla (ward) of the Hyderabad City, named Sultan Bazar, numbering not more than a few thousands are not yet represented in the Mir Laiq Ali Ministry.

POPULAR ORGANISATIONS :—

THE HYDERABAD DEPRESSED CLASSES ASSOCIATION.

Leaders .... Mr. Venkat Rao, M.L.A. (Minister).
Mr. Shyam Sunder M.L.A. (*President*).

THE MAJLIS ITTEHADUL—MUSLEMEEN.

Leaders .... Siddiq-i-Deccan Maulvi Syed Qasim Razvi M.L.A. (*President*).
Syed Abdur Rauf, M.L.A. (Minister).
Syed Abdul Quddus Hashmi. (*President, Majlis Parliamentary Board*).

THE LINGAYAT LEAGUE.

Leader .... Mr. Mallikarjan Appa, M.L.A. (Minister).

THE HYDERABAD STATE CONGRESS.

Leader .... Pandit Ramanand Tirath.

Congress is really a body of Sultan Bazar Brahmins. It has no branch and no membership outside the Sultan Bazar Ward of the Municipality of Hyderabad and Secundrabad. There are hardly more than one or two thousand members. All movements of Satyagraha (Civil Disobedience) started by the State Congress (Brahmin Sabha) have fizzled out and ended in complete failure for want of popular support and lack of enthusiasm. It has not held a single Public meeting.

GENERAL ELECTIONS: THREE PARTIES COMBINE AND CAPTURE ALL SEATS.

The Depressed Classes Association, the Majlis Ittehadul Muslemeen and the Lingayat League, the three popular parties representing over 90% of the total population of Hyderabad

Deccan, combined to fight the last general elections to the Hyderabad State Assembly and captured almost all the elected seats. Seeing their clear and total defeat the Brahmin Party, (the Congress) boycotted the elections.

MOST CONTENTED PEASANTRY IN INDIA.

Hyderabad's is the most contented peasantry in India. It is the most lightly taxed peasantry too.

LAND REVENUE ADMINISTRATION.

Land revenue administration is the monopoly of the Hindus and other Non-Muslims.

LARGEST NUMBER OF HINDUS KEEP VESTED INTERESTS IN RURAL ADMINISTRATION, TRADE, INDUSTRY AND BANKING.

The largest number of people enjoying vested interests in the Hyderabad Rural Administration are the Hindus and Brahmins, because a very large proportion of their total population is hereditary beneficiary and holds posts of Patels, Patwaris, Watandars, Ma'ashdars, Ma'afidars, Deshmukh etc., and their prosperity and economy is entirely dependent upon the upkeep of the Nizam Administration. This is the reason why the Hyderabad Hindus are so bitterly opposed to the Indian Congress interference in Hyderabad—because they know that Indian domination will deal a death-blow to their prosperity, and open the gates of foreign exploitation and make them slaves and serfs of North India Birlas and Dalmias, just as Bengal and Madras have been made the hunting ground of Marwaris and Gujratis.

HISTORICAL STATUS.

Hyderabad Deccan has been the centre of Muslim power and position from the time of the Khilji Empire. In fact Hyderabad Deccan is the only living relic of the Non-communal Moghal Empire, Administration, Civilisation, Culture, Communal Harmony, Tolerance. Fairplay and Justice. The State is far older than the British Empire in India. The present dynasty was founded by Nizamul Mulk Asaf Jah, the ablest Statesman, General and Viceroy of Emperor Aurangzeb Alamgir. After the death of Aurangzeb in 1707 and the

turmoil in Delhi Durbar, Asaf Jah in 1724 declared the independence of Hyderabad Deccan as a South Indian State which has little to do with the convulsions and revolutions in North India.

THE BRITISH NEVER CONQUERED HYDERABAD.

The British never conquered Hyderabad Deccan. It entered into treaty relations with the British as a Sovereign power on the basis of complete equality and free alliance. The Nizam as a mark of his special position was therefore called His Exalted Highness the Faithful Ally of His Majesty the King of Britain.

PRESENT POLITICAL STATUS — INDEPENDENCE RECOGNISED BY INDEPENDENCE ACT OF 1947.

Whatever limitations were put by usages and treaties on the Sovereignty of Hyderabad Deccan as an Independent State by the British Government, formally came to an end by the India Independence Act of the British Parliament of 1947, by which (1) "the Paramountcy" and overlordship of the British and Indian Governments over the State and (2) all Treaties and Agreements subsisting between the State and the Governments of India and Britain automatically came to an end on and from the 15th August, 1947, when all States became free either to join India or Pakistan or to remain absolutely independent.

INDO-HYDERABAD STANDSTILL AGREEMENT OF THE 29th NOVEMBER, 1947, RECOGNISED INDEPENDENCE OF HYDERABAD.

The Standstill Agreement of the 29th November, 1947 was signed by the Governor-General of India and His Majesty the Nizam of Hyderabad Deccan. By this Agreement the Indian Government solemnly recognised the independence of Hyderabad Deccan and affirmed the principle that the rights of "Paramountcy" enjoyed by the British Government up to the 14th August, 1947, had lapsed and that Hyderabad shall have right to appoint her Consular and Diplomatic Representatives in foreign countries and that all disputes between India and Hyderabad shall be settled by an *Arbitration Tribunal*, composed of a representatives of Hyderabad and India and a neutral umpire appointed by the two representatives.

HYDERABAD AGENTS-GENERAL and DIPLOMATIC REPRESENTATIVES IN FOREIGN COUNTRIES.

According to this Agreement of November, 1947, Hyderabad has already appointed and accredited her Agents-General at the Capitals of Pakistan, Egypt, United Kingdom (London) and Australia.

NO HINDU-MUSLIM DISORDERS IN HYDERABAD DECCAN.

The greatest distinction of Hyderabad is her Moghal tradition of communal harmony, tolerance, Hindu-Muslim unity and amity and the pride that in spite of spending millions of money and inspite of machinations by the outside Arya Pritinadhi Sabha and the Congress and Hindu Sabha from India, there has been no serious Hindu-Muslim disturbance and no communal massacre in Hyderabad Deccan and the South has been saved from the horrors of Muslim Genocide perpetrated in Delhi, Alwar, Bharatpur, Kathiawar, East Punjab and Jammu and Kashmir.

ENDOWMENTS OF MILLIONS OF MONEY FOR HINDU AND CHRISTIAN TEMPLES OF WORSHIP.

Yet another distinction of Hyderabad State is that it has given in permanent endowments, estates bearing annual income of millions of money for the upkeep of Hindu Temples, Christian Churches, and other welfare and educational institutions.

HINDU AND LINGAYAT RELIGIOUS LEADERS SUPPORT NIZAM.

The religious leaders of the Hindus and Lingayats of Hyderabad Deccan are in the forefront in supporting His Majesty the Nizam and regard him as the father and patron of all the communities of the State. They know that the Nizam is the only bulwark against the spread of communism and morbid communalism and disorder in Dravidian South India.

H.M. THE NIZAM IS THE ONLY COMMON LINK AMONG DECCAN COMMUNITIES.

His Majesty the Nizam is the only common link and common symbol of the unity of the diverse classes, races,

communities and religions of the Deccan and the peoples of the State.

"RAZAKARS" : WHY INDIA DEMANDS ITS DISSOLUTION.

The Razakars (Volunteers) are the Citizens' Home Guards of Hyderabad. This is a body composed of both Hindu and Muslim volunteers. It has beaten back all the plundering raids of the Indian Communist raiders and Congress Aryan aggressive attacks. It has protected Hindus and Muslims from Indian raiders. Hyderabad Hindus are loudest in expressing praise and gratefulness to the Razakars. India is demanding their liquidation because as a national Hyderabadi Force, it has so far foiled all aggressive attacks of India on Hyderabad integrity and is a stumbling block in the path of Indian Fascism. India demands the dissolution of the National Volunteers, Citizens Army of Defence – the "*Razakars*",—because she believes that the "*Razakars*," shall not allow the domination of Fascist Aryan North India over Hyderabad Deccan.

HYDERABAD ARMY, IRREGULARS & ARAB FORCES.

Hyderabad Deccan possesses a first class regular *Army* commanded by General Syed Ahmad El-Edross a veteran of the World War II. Besides the Irregulars Hyderabad is the only State outside the Arab world which is proud of possessing a first class Army of one lakh armed Arabs. The Arabs of Hyderabad are fanatically loyal to the Nizam and are a ferocious type of fighters from Hadramut and Mukalla. His Highness the Sultan of Mukalla in South Arabia is a Jagirdar and a noble of the Court of the Nizam. He has the title of Nawab Saif Nawaz Jung Bahadur and is the leader of the Arab community of Hyderabad Deccan.

HYDERABAD'S GLORIOUS PART IN WORLD WARS

Hyderabad made the largest contribution to the Democratic front in the World Wars I and II, and helped

in winning the war for Democracy while the Congress Hindus were openly fighting on the side of Japan and Germany. Hyderabad contributed Rs. 57,79,07,150 for World War II.

CHARACTERISTICS OF THE VARIOUS COMMUNITIES OF HYDERABAD.

OVER 95% POPULATION IS NON-ARYAN AND DRAVIDIAN AND HATES THE ARYAN NORTH.

The Depressed Classes.

1. The sixty million Depressed Class Shudras are the largest single community in the State. They are a purely Non-Aryan people who are solidly behind the Hyderabad popular Ministry. The Leader of the Hyderabad Depressed Classes Association, Mr. Venkat Rao, M.L.A., holds the important portfolio of Education in the State Ministry and the Government has set apart a very large sum of money in the budget for the educational uplift of the Depressed Classes. They are mostly cultivators and are bitterly hostile to the Brahmin-dominated Congress. They have held meetings attended by *lacs of people in support of Azad Hyderabad.*

The Lingayats.

2. The forty million Lingayats and Viraswamis are also a purely Non-Aryan Dravidian people, who strongly repudiate the supremacy of the Brahmins. They repudiate Vedas and Shastras, Vernashram Dharma of Manu (Caste System) and claim to be an absolutely Non-Hindu, Non-Aryan religious community. They neither interdine nor intermarry with the Hindus. Like the Musalmans they believe in one God and bury their dead. The Lingayats are strongly opposed to the Aryan domination of the North. The Lingayats are strong supporters of the Hyderabad Ministry. The leader of the Lingayat League holds the portfolio of Public Health and Medicine in the Hyderabad Ministry. The Lingayats are mostly traders and cultivators. They are solidly behind Azad Hyderabad.

The Telingas.

3. The Telingas (Andharas), a very large portion of which belong to Lingayat religion, are also a Non-Aryan Dravidian people who are opposed to the Brahmin dominated Indian Congress. They are mostly cultivators.

4. The Mahratas are the most simple and straightforward people of the State. They are a Scythio-Dravidian people and are undoubtedly a Non-Aryan community. They are mostly cultivators and are bitterly hostile to Brahmins because from times immemorial the Brahmins as priests, money-lenders, Landlords, Vakils and officials have been the most ruthless exploiters of the Mahrata peasantry. The Mahratas bitterly hate the Brahmins so much so that in their law-suits and cases the Mahratas never engage Brahmin advocates but only Muslim Vakils because the Mahratas have no confidence in the Brahmins and know by bitter experience that the Brahmins always cheat and exploit them.

The Mahratas.

5. The two and half per cent Brahmins are the cleverest and most educated and prosperous class of Hindus who have monopolised the liberal professions, trades, industries, Banking and money-lending and Government services relating to rural economy and the Administration. A small section of the Brahmins has become the paid agents of the Indian Congress and the Hindu Sabha but this section is opposed by the Hyderabadi Peoples *viz.* the Depressed Classes, the Lingayats, the Telingas, the Mahratas and other communities. All Non-Brahmin communities of Hyderabad repudiate the Indian Congress because they do not like the domination and the interference of the Brahmin Bania Imperialism of Delhi into their Homeland of Hyderabad. All Non-Brahmin communities of Hyderabad are equally convinced that Delhi's domination shall oust the Hyderabadi Hindus from their vantage position and subject them to outside Brahmin Bania exploitation. They know that the Nehrus, the Patels and the Munshis of Delhi and the Birlas, the Dalmias and the Tatas of Bombay and Gujarat will completely oust and enslave the Hyderabadis and the Dravidians.

The Brahmins.

6. The forty lacs Muslims of Hyderabad have little interest in rural economy, trades, industries, and money-lending. Government service, especially of the Police and the Army, is the mainstay of the Muslims as has been the case in the U.P., Bihar, Madras and other Provinces of India itself.

The Muslims.

The Hindus far from being envious of the Muslim position in the services are happy in enjoying their monopoly of the trades, industries, banking, money-lending and of the bulk of the offices of the Land Revenue Administration. The Hindus realize that the moment Muslims demand their proportionate share of the Hindu monopolies the Hindus' share of the National Dividend shall be much reduced and the Hindus shall be much worse off.

Powerful non-Brahmin Dravidian Movement for Independent Deccan.

7. The Brahmins number only two and half per cent in the whole of South India—Madras, Kerala, and Hyderabad Deccan, which is the Homeland of the Non-Aryan Dravidian race. A powerful Non-Brahmin Movement for an Independent Sovereign State of Dravida Nad to be named DRAVIDSTAN is gaining strength day by day. The Justice Party of Madras which commanded majority in the Madras Legislature and ruled Madras from 1921 to 1937 and the Dravidian League and the Dravida Kazhagam and the Selfrespect Movement which completely repudiates the Caste System, represents the Dravidian Movement, which has successfully resisted the compulsory imposition of North Indian Hindi language and culture in the South. The Dravidian South is rightly proud of her far older and greater Dravidian languages of Tamil, Telugu Malayalam and Kenari. The slogans of the Dravidian League of South India are :—

WE ARE NOT INDIANS : WE ARE NOT HINDUS : WE ARE DRAVIDIANS : OUR GOAL IS INDEPENDENT SOVEREIGN DRAVIDISTAN. DOWN WITH ARYA BRAHMINISM. DOWN WITH BRAHMIN CASTE SYSTEM.

This shows the deep-rooted spirit of revolt of the Dravidian South against the Aryan North and Hyderabad's firm stand for Deccan Independence must be viewed in the light of this general Dravidian Movement for Independence and Selfhood of the South.

Undoubtedly Dravidistan is proud of not only racial integrity but also of an ancient national history and culture.

HYDERABAD DECCAN GEOGRAPHICALLY, HISTORICALLY AND ETHNOLOGICALLY BELONGS TO THIS REGION OF THE DRAVIDIAN SOUTH AND NOT TO THE REGION OF THE ARYAN NORTH.

Hyderabad Deccan is fighting not only for her Independence but really for the Independence of the whole Dravidian Deccan, the Peninsula of South India as a whole. Over 95% of the population of Hyderabad Deccan is composed of Dravidian races and communities who speak Non-Aryan Dravedian languages and who bitterly hate the Aryan Brahmins of the North A very large proportion of the Muslims of Hyderabad, Madras and Kerala also belong to the Dravidian stock and speak Dravidian languages and are akin to the genius and temperament of the Dravidians. The political and economic interests of the Muslims and Dravedians are identical.

UNIQUE POSITION OF MUSLIMS IN THE DRAVIDIAN SOUTH.

The Muslims occupy a unique position of esteem and prestige in the Society of the South. An average South Indian, Brahmin or Non-Brahmin, look upon a Muslim with special respect. For instance, the different castes, classes and communities of the South invariably refer their individual disputes to a Muslim for arbitration and settlement. All the peoples of the South have implicit faith in the honesty and integrity of the Musalman The relations between the Deccani Muslims and the Dravidians of South India have been the most cordial, friendly and co-operative and hence South India has been singularly free from the communal discords and massacres of the North.

The imperialistic aggressive policy of war on Hyderabad announced by Nehru-Patel Heirarchy of Delhi is a grave menace to the peace, integrity and independence of South India as a whole. The Non-Brahmin papers and leaders are realizing this fact because they realize that the independence of South India and Hyderabad Deccan are interlinked and interdependent factors.

Printed by Mirza Mohammad Sadiq at the Ripon Printing Press, Lahore
Published by M. G. Khwaja, Mohalla Khwajgan, Chakwal (W. Punjab).